REVIEW OF REVIEWS AND WORLD'S WORK

EDITED BY ALBERT SHAW

MARCH

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FIFTY YEARS OF PROGRESS

In 1885, fifty years ago, the American Telephone and Telegraph Company was formed.

There were few telephones then and service was slow, uncertain and limited to separate communities. In that year the largest number of telephones in any one city was 8400, in New York.

New York now has 1,500,000, Chicago 800,000, Philadelphia 350,000.

From your own Bell telephone you may talk with any one of 17,000,000 other telephones in this country and most of those in foreign lands. Today, 93% of all the world's telephones are within reach of the Bell telephone in your home or office.

This year marks also the Twentieth Anniversary of the opening of the first transcontinental line, from New York to San Francisco, and the Eighth Anniversary of

the opening of transatlantic service.

The work of improving Bell telephone communication is never ended . . . it goes on and on toward a constantly higher standard. Further improvements as important as those of the past half-century will come through Bell System research, manufacturing and unified operation.



BELL TELEPHONE SYSTEM

To make your telephone service dependable, 94 per cent of the Bell System's 80,000,000 miles of wire is now in storm-resisting, lead-covered cable. Sixty-five per cent of it is buried beneath the ground.

THE PROGRESS OF THE WORLD

BY ALBERT SHAW

"Labor" in high dudgeon over a President and an NRA that are not wholly submissive . . . The advantage of presidential control over expenditure, as against the congressional pork-barrel.

"Line upon line and precept upon precept" was an adage of your grandparents. They believed that the past had taught us some valuable things, and that we could build more safely and surely if we had a solid foundation under our feet. They made their young people memorize many wise sayings from the Proverbs of Solomon. They set store by the "Poor Richard" maxims culled from the almanacs that Benjamin Franklin produced year after year in Philadelphia. They regarded the Declaration of Independence and the Constitution of the United States as documents only a little less inspired than the scriptures of the Old and New Testaments.

Were they rugged individualists? Assuredly they were just that. But did they reject the idea that there must be social cooperation? Not in the smallest measure. In the North they came together for common purposes in their town meetings, and south of Pennsylvania in their county centers. Their churches were potent for training and expansion of the social conscience. They established schools for children and adolescents. They loaned books from house to house, and formed local libraries. They helped their poorer neighbors, through methods of public care and through private benevolence, in the spirit of the Good Samaritan.

Wisdom is a fundamental thing, and it is neither cynical on the one hand nor is it ecstatic in its optimism on the other. It embodies the philosophy of human experience and plain common-sense. It forms the background for expedients and applications. Could the Selectmen of a New England village of the year 1835, as observed by De Tocqueville, run the affairs of the United States, or even those of New York City or Chicago, in 1935? Dr. Guy Tugwell and Mr. William Green—perhaps also Mayor LaGuardia and Secretary Ickes—would shake their energetic and dictatorial heads in prompt rejection of the thought. They would take it for granted that the old-timers could not grasp the social philosophy of "collective bargaining", or carry out "planning" on a big scale. For our part we hold the view that wisdom comes first and that the man of sound judgment and habitual self-reliance can make applications on as large

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MAXIMS

Ben Franklin's real estate advice in the year 1757 suits the present day. a scale as the circumstances require. We think that Massachusetts Selectmen, or Virginia administrators of Jeffersonian days, would not seem "small fry" in places held by the four worthies named above.

If Washington and Jefferson could return, as guests at the White House, President Roosevelt would find them altogether reassuring and helpful. Secretary Hull would have keen enjoyment in discovering how quickly these two elder statesmen-together with Madison, Monroe and John Quincy Adams-would assimilate all the major facts in our more recent international experiences, and would give him encouragement and good cheer in what he is endeavoring to do. The elders had hard tasks and bold conceptions. We cannot do better than to proceed on the general lines laid down by them. The deviations of last year will soon be in the discard. In the present banking and money discussions, Hamilton and Gallatin would be valuable counsellors to our lawmakers of today.

There is not a word in the homely advice of Benjamin Franklin to American farmers or small storekeepers, that is obsolete today in its underlying wisdom. All people who amount to anything - especially mothers in the care of their families, and men who use their muscles and brains with self-respect and good-will do not really have to be told much about how to get along. They are instinctively aware that there are no new dispensations. The amateurishness and obtuseness of prevalent advice disseminated by certain minor prophets at Washington give these

sensible, self-reliant people headaches and fatigue.

We have never run short in America of such phrases as "New Deal", "New Era", "Rights of Childhood" and "Abolition of Poverty". But there is no hokus-pokus or magic that can transform the conditions of society. Progress is a continuing web of composite human effort. It recognizes no "deals", old or new. William Green's daily scoldings do not advance the movement a single inchnor do they much retard it. We shall have shorter shop-hours when we have earned them by united effort. Capital will do a hundred times more to bring the welcome new margins of leisure than all the bluster of the

hundreds of salaried jaw-smiths who misrepresent "labor".

The government is our chief agency for action in the sphere of common concerns. Through it, in part, we combine our strength to bear the burdens of society. Private businesswhich in former times was largely farming, handicrafts and trading by individuals and small firms—is now in great volume carried on by industrial and commercial corporations. On the farms, in the professions, and in many kinds of work for a livelihood (even as in the management by women of their household affairs) it remains true that the majority of our citizens can bear most of their own burdens and fight their own battles.

WILL LABOR LEARN?

Dictation to timid Congressmen, maybe. Never dictation to the President!

It was once said of a Democratic president of the United States by a convention orator: "We love him for the enemies he has made." President Roosevelt's position was strengthened, not merely with responsible business leaders but also in the minds of impartial citizens, when in January and February certain labor leaders indulged in angry tirades against his sensible decisions upon several points. Many people had noted with surprise

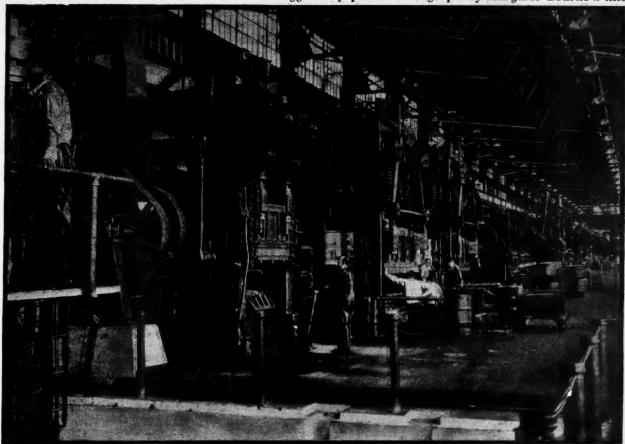
the increasingly menacing and dictatorial tone of the salaried lobbyists at Washington, who assumed the right to speak every day as the appointed mouthpiece of all wage earners.

Mr. William Green, who will enter upon his sixty-third year on March 3 [congratulations to Mr. Green] succeeded Samuel Gompers as President of the American Federation of Labor ten years ago last December. He is highly regarded as an excellent citizen, a consistent Baptist, and a leader who would promote the welfare of American workers and their families before he would give much thought to his own personal interest. In his Ohio youth he became a member of the United Mine Workers; but his fellow unionists soon gave him an official salaried job. For the past thirtyfive years he has held positions of trust and responsibility as a labor leader, and as a man of standing in the councils of the Democratic party. It is a long time since Mr. Green, who has become a public speaker of unusual accomplishments, and a gentleman whose manner and bearing are those of a scholarly statesman [he served two terms in the Ohio State Senate] has earned his bread as a horny-handed son of toil. He deals with public questions and government policies, always in oracular tones.

President Roosevelt made "dear Bill" a member of the National Labor Board and also of the Labor Advisory Board of NRA. But Mr. Green and his associates are compelled, by the very nature of their employment as officers



BITTER William Green, President of the American Federation of Labor, angry because he cannot always have his own way.



APPETIZER The thought of the vast automobile industry, practically virgin soil for the labor organizers, is quite enough to make the mouths of those dues-and-power-hungry potentates water.

of the American Federation of Labor, to bring constant pressure upon Congress and the Administration in favor of their own precise and definite objects. To many citizens it has not seemed appropriate that the salaried heads of the labor lobby at Washington should have been members of these official boards. There was an impression throughout the country in 1933 that the NRA was being run in close conjunction with these leaders.

Clause "7A" of the Recovery Act makes "collective bargaining" a legal rather than a private and voluntary matter. Mr. Green and his associates assumed at once that this clause, having been inserted in the pending bill through their efforts, was to be administered solely in the interests of the AFL. It loked for a time as if Hugh Johnson and his screeching eagle were mere agents of a higher power operating from the Federation building in Washington. It was announced that the salesmen of the AFL had gone forth on a crusade to bring twenty million new members into a body that was at low ebb because of non-payment of dues. Nobody can deny that intimidation was used in many parts of the country. Strikes were instituted in places

where there were no industrial disputes. "Labor" was riding high, and was becoming too arrogant to appreciate the currents of adverse opinion that were setting in against its arbitrary and high-handed methods.

When President Roosevelt felt it necessary to decide that he could not recommend to Congress the adoption of a compulsory 30-hour week, Mr. Green and his companions lost self-restraint. They were in high dudgeon, and denounced an Administration that had gone far out of its way to aid them in their movements, and had conferred upon them personal honors and distinctions.

Intimidation Fails

The most specific grievance of these gentlemen against the President has been his extension of the code of the automobile industry until June 16. Workers in automobile factories at Detroit and elsewhere have had their own ways of dealing with their employers. The AFL with almost unlimited funds at its command has been trying to organize the automobile workers in unions under its own control. The law plainly specifies that workers are to have the right

to bargain collectively through representatives of their own choosing. A recent secret ballot among many thousands of automobile workers resulted in discovering five per cent who favored the position of the AFL, and 95 per cent who chose to deal more directly with employers.

But an organization like the AFL when it goes out on the warpath can brook no resistance to its demands. Its propaganda is not chiefly against employers, but in practice it is against workers whom it tries to intimidate. It is so far over-reaching itself by its intolerance that it might even lose its strangle-hold upon timid Congressmen. Meanwhile, it has altogether liberated President Roosevelt's administration. It will have fair play, but it will not be indulged henceforth in telling the President what it permits and what it forbids.

The President's personal letter, in answer to the official demand of the American Federation of Labor that the present Automobile Labor Board should be dismissed and superseded, appeared in the newspapers of February 6. Not only is it perfect in temper and in form, but it is free from ambiguity. It could not possibly be misconstrued. The AFL is not a

party in this situation, and has no standing. "The board so established," says Mr. Roosevelt, "is responsible to the President; and it is for the President to determine whether the board is fulfilling its duties and how long the existence of the board should be continued. The board was not established in the code; but it will be noted that the authority under which the board and the code are both established expires June 16, 1935.

No Birthrights Granted

"In the original creation of the board there was no provision for the nomination of members of the board by anyone, and in accepting advice or giving to persons an opportunity to suggest selections, the Government did not give to anyone a right to name members or otherwise to determine the membership of the board."

The President proceeds to commend the board for its fair and impartial conduct of its secret elections at Detroit and elsewhere, carried on to ascertain the wishes of the automobile workers. The offensive and obtuse efforts of the AFL to interrupt this election process have been carried so far as to compel the Administration to state the case on its merits, over the President's own signature. It was typical that the A F L leaders should have suddenly decided to wheedle the President and use all their facilities for vituperation against Mr. Donald Richberg. Mr. Green announced that the President was their "hope" and their "strength", and that they proposed to see him personally and have everything out with him,. especially the Detroit election. Mr. Roosevelt saw and heard them on

February 11. His perfect courtesy quite disarmed them, as he declared that "the Federal Government cannot undertake to compel employees and employers to organize—it should be a voluntary organization."

Good employers, this year more than ever, are anxious to consider their employed people as fellow-workers, good friends and sharers in a common cause. The A F L has a different motive, and seeks its own success by stirring up strife. All the forces of civilization are engaged-successfully, on the whole-in trying to equalize opportunities for the abundant life. The A F L makes its money out of stupid endeavors to crystallize class distinctions, and out of devices to frighten workmen in masses to pay dues to its organization. However lofty the personal motives of William Green, the activity of his organizers out in the field-whether in the textile mills of the South, among the steel-workers of Pennsylvania and Ohio, or in the great automobile industry that is centered in Michiganhas a striking tendency to take on the character of racketeering, and to utilize the black-jack against employed and contented workers and the sabotage system against machines and factories.

Mr. Richberg, as a lawyer of high standing and wide experience, had been chiefly known in labor circles as a counselor who had been employed at different times to prosecute or defend the labor side in certain railroad and other litigations. The A F L leaders are in frenzies of rage because they have found that Mr. Richberg, who desires in every way to promote industrial peace and is scrupulously observant of the N I R A clause legalizing the right of collective bargaining,

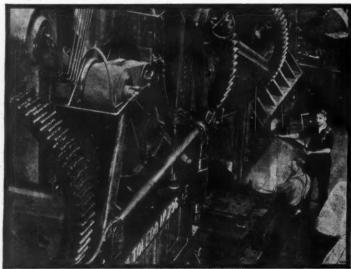
is himself in his own official conduct always scrupulous to obey the law both in spirit and in letter. He is not taking fees as a legal colleague of Charlton Ogburn, now chief counsel of the A F L. Mr. Richberg can take care of himself, and is probably relieved of some embarrassment by the attacks made upon him.

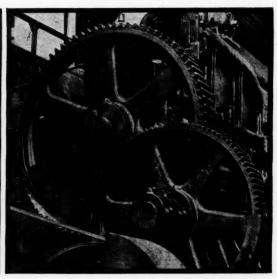
Mr. John Llewellyn Lewis, now head of the United Mine Workers, is also a member of the National Advisory Board, and the National Labor Board of the NRA. His home is in Springfield, Illinois, and his office is at Indianapolis, Indiana. But his principal occupation for the past two years seems to have been that of William Green's rival at Washington as front-page spokesman for the AFL. With his Welsh temperament, his forceful personality and his unusual qualities as man and citizen, Mr. Lewis is not to be treated with illrespect. Yet we cannot fall in with his contentions about the right of the A F L to rule America with an outstretched arm, and to play superdictator over the President and the administration.

Rule or Ruin

These gentlemen can now and always make trouble for Congressmen from certain districts, if such timid politicians should cease to take orders from the A F L building. They swore eternal enmity to Frances Perkins, who was not their choice for Secretary of Labor; but their wrath was mollified when their most attractive and influential legislative agent, Edward F. McGrady, was made Assistant Secretary. We have no personal words about Mr. McGrady except pleasant ones. He is well-fitted for

Photographs by Margaret Bourke-White





TECHNOCRACY

Which do you see—the few men necessary to operate this battery of steel presses in one of Chrysler's plants—or the huge capital investment in swiftly obsolescent machinery?

the duties of his office. Meanwhile, however, he has not failed to learn that Frances Perkins has intelligence and will-power, although she seems to have been drawn away somewhat from the Richberg camp.

The President's letter was more than a defense of the automobile labor board. It is a declaration of independence, and it is also a charter. It tells the country that the President will obey the law himself and make others do the same. It is a charter in the sense that its principles cannot be disregarded when it comes to the treatment of other industries. The resolute attempts of the AFL to seize control of the steel mills is a case in point. Such efforts have not helped labor, but have disturbed the country and interfered with the healthy processes of business recovery. In relation to genuine working men, their propaganda has been distinctly harmful. In the new NIRA bill, as we have remarked already, Clause 7A will perhaps remain unchanged. This would mean that established unions, whether affiliated with the AFL or otherwise, will be upheld. Delegates chosen by actual employees will sit down with employers, to engage in the discussion of such questions as they may think it proper to consider.

The reader will understand-even if he has not read the issues of this periodical during the past two years -that we have never believed that Clause 7A had any proper place in a federal statute. The custom of collective bargaining would make its own way safely enough, even if men as strong-willed as the leaders of the AFL were in the position of business executives. They would have to deal fairly with their employees, but they would also know their rights as

employers and would uphold them.

The government can wisely establish boards for mediation and also for inquiry and arbitration. The present boards are wrong in their set-up. Instead of a labor man, an industry man and a neutral, such boards should consist of three impartial men, or "neutrals," dealing with cases on their merits. In writing these comments we may merely add that behind our remarks is a long background of experience with labor leaders and trade unions. Having worked with them cheerfully through many situations in the past, we have earned the right to say what we believe, and we shall not hesitate to exercise that privilege. Green and Lewis might know how well their miners' union flourished under John Mitchell, and how little it owes to the pretentious A F L.

NRA Minus Tyranny

One of the chief fallacies of the NRA, as Hugh Johnson in all good faith sought to enforce its theories and programs, lay in the notion that a nation like ours, of such variety in its habits and methods of work, could suddenly be galvanized into uniformity. Certain words about "collective bargaining" had been smartly tucked into the pending NIRA statute as Congress was passing it in 1933 with emergency speed. But the attempt to give the sanction of law to a matter of that kind, and to enforce it by frightfulness as against private employers, small and large, who had their own successful ways of dealing with employees, could not be made to prevail. Johnson soon found this out.

Within many lines of industry, the agreements called "codes" have brought employers together, and there are tendencies visibly at work toward

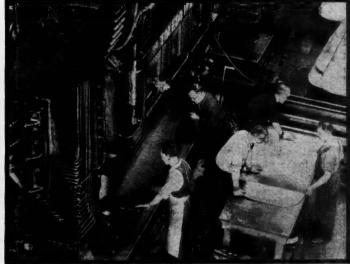


Referee Leo Wolman's Automobile Labor Board counted out the AFL.

lessening the evils of extreme competition. The blundering tyranny of the NRA that was so completely exposed by the press and so strongly condemned by public opinion-is now competently before the Courts. American liberties are perhaps in not much further danger from that direction. The NRA is a chastened and reformed institution. This remark applies to its present reasonable methods, as directed by the board under the chairmanship of Mr. S. Clay Williams and by Mr. Donald Richberg as chief executive. We have no revised (1935) answer to last year's daily question whether the NRA had hurt business recovery more than it had assisted.

Regardless of arguments on either side of that mooted issue, we all know that the country can assimilate its experiences of the past two years, accepting them as a part of its moral discipline. Already it is a better country than it was before that strange creature the Blue Eagle filled our ears with the noise of its raucous





This year's all-metal top is stronger and safer than the soft-center top. But it is also ONE PIECE cheaper in its labor costs. These are four pictures of the Chrysler shops.

ubiquity. To be bossed and to be bullied is a good thing for the average American now and then, because he needs something to stiffen his backbone and to teach him all over again the simple lesson that minding his own business and running his own affairs is the main thing, while regimentation should count for perhaps

ten points in a hundred.

We do not believe that President Roosevelt has any appetite at all for meddlesome paternalism. He cannot possibly avoid those breaths of strong public opinion that now sweep across the Alleghanies and the Blue Ridge to purify the atmosphere of the Potomac Valley. From New England, New York and Pennsylvania also there are wintry gusts that Franklin Roosevelt as a life-long denizen of the upper Hudson can enjoy without harm from the exposure. With a free press, free speech, and the restored privilege of grumbling and asking questions Missouri-fashion, no dictatorship can go far wrong in what will continue to be this "sweet land of liberty".

We have still remaining at Washington a few of those young scouts of the new social order who sought to experiment upon a stricken country. They planned a punitive visitationa rather violent and disturbing oneto purge the nation of the sins of an earlier period, when there ought doubtless to have been a little more governmental regulation as against business excesses. But even these young men are weakening and finding the modest places for which nature intended them, while public opinion with impersonal but relentless force is bringing back the normal balancea fluctuating thing but reliable-between private freedom and government control.

Chastened Regulations

To be specific, the existing recovery legislation ceases on June 16th, at the end of its initial two-year period. Some of the Act's provisions expired last June, after one year. The immediate future of the NRA is no longer in doubt. Its functions will be continued under new legislation. The revised bill has been carefully studied. It originates with the administration rather than in Congress. It was to be placed in the hands of Senator Wagner of New York before the middle of February, with reasonable expectation that it would not find rough sledding but would move speedily through the legislative machine. It is encouraging to be told that the enactment will be temporary, with the President authorized to terminate it when he thinks that the rate of recovery justifies.

The preceding remarks bring us to the point of a re-statement of a general position we have assumed for several months past. It is a marvelous thing that Americans can act together, keep their mouths shut, and follow a leader, in a time of extreme emergency. Their ability to do that very thing is a demonstration of intelligence as well as of discipline. An intelligent country is something like a man rescued from deep water and safe on dry land, who resumes his normal character when the water is pumped out of him and he has had a little stimulant.

President Roosevelt is a remarkable executive, and his political manage-

ment last year has given him a new Congress that was elected to obey his spoken word or his slightest nod. But even Mr. Roosevelt cannot blow down the East Wind. He cannot sweep up the ocean tides with a broom. No man can disregard the resistless sweep of public opinion in the United States, when the reaction comes against silence and submission.

This resumption of its articulate character by the organs of opinion is the best possible thing that could happen for the protection of the President and for the safety of our institutions. The President is only too anxious to be normal again, along with

a normal country.

BILLIONS FOR WHAT?

Is presidential discretion preferable to congressional pork-barrel?

THE overshadowing bill of the present session was, of course, that which was prepared in advance by the President and his advisers with the utmost care for its success. It called for the appropriation of \$4,880,000,000 to be placed without conditions in the hands of President Roosevelt for those general purposes indicated in his annual message to Congress, and further described in the bill itself. The President is convinced that the federal government must cease to relieve indigent and unemployed people by direct gifts of money and supplies. He would return this function to the states, where it has always belonged. But the change must be tapered off, so to speak, and the President asks for discretion in applying \$880,000,000 to the further needs of the agency that Mr. Harry L. Hopkins has administered with a few mistakes but with a high sense of duty that nobody questions.

The administration has committed itself to the plan of public works for relief of unemployment. Everyone admits that this is more expensive than direct relief. But when the money is spent we have the public enterprises to show as permanent national assets. Moreover, we have saved the self-respect of several million families by providing genuine jobs in place of a dole system that endangers personal and family character. What is needed, as all people of experience understand, is a great improvement in the condition of the capital goods industries, that is to say in the manufactures of iron and

steel, of machinery, and so on. Of course some people claim that public works fail in this respect.

It is held that public works of certain kinds would directly or indirectly give motion to the wheels of a hundred other kinds of industry. Furthermore a large freight movement would be inevitable, and this would help the railroads.

But the sum of four billion dollars is enormous. What is the answer? In the first place, it is simply equal to the average normal expenditure of the government for a single year. If the President's plan were rejected. what would be the alternative? Senator LaFollette and others wish to appropriate at least ten billion dollars, and they would put specifications into their bill. There are Congressmen who would like to appropriate on a log-rolling plan, so that each state and congressional district should get its share of a total running even higher than the President proposes. Can public works be selected and distributed on the pork-barrel plan, by more than four hundred gentlemen in Congress, with better regard for the public welfare than by the President personally, with the advice of able planning boards and engineers, and non-political experts?

If business had been given more encouragement to fight its own way back to recovery, there would perhaps have been less excuse for this startling proposal of four billions to be handled by the President without restrictions. But the actual alternative lies between expenditure by the

President and expenditure by Congress. The President's discretion is decidedly preferable. Certain Senators last month tried to shatter the program but the country supported Mr. Roosevelt.

What is to be said of the political influence that might be exerted by Chairman Farley in the handling of this immense fund? In practical experience four million dollars is a large fund for campaign use in a national election. The sum of money that the Administration asks, with a presidential election coming off next year, would provide fat campaign funds for one thousand consecutive years. The Republicans are too feeble in Congress to secure an investigation of the use that was made of federal relief funds and special drought funds during the campaign for Congressmen, Senators and Democratic Governors in 1934.

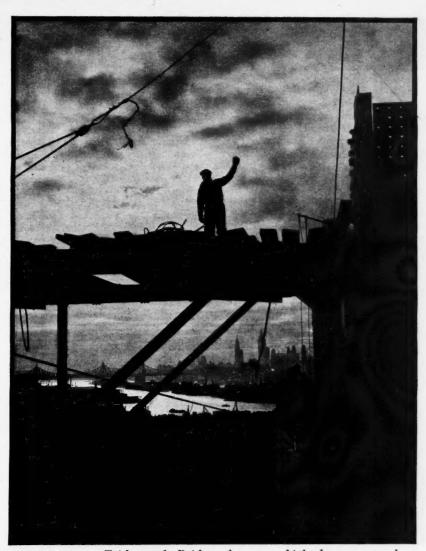
But there has been plenty of talk going about, and Mr. Fletcher's Republican national committee, if it had some odd dollars available, might institute a few investigations on its own account. We have heard some remarkable stories about the flow of federal money by one means or another into the state of Maine, where Mr. Farley's victory gave the signal in September for the national sweep a few weeks later.

A Horrible Example

Perhaps the best thing that could have happened at this time is the extraordinary interest throughout the United States that has been aroused by the administration's attitude toward the expenditure on a public project in New York City of money that was



Robert Moses, fearlessly critical and frank concerning the New Deal.



WARNING Tri-borough Bridge, the case which demonstrates how public money can be used as a club in a political feud.

promised last year by the public works administration, on a straight loan without unusual conditions. The money has been advanced from time to time as the Tri-borough Bridge project had gone forward. But, suddenly, a curious order was issued in the name of Secretary Ickes that would have resulted in the removal of Mr. Robert Moses from his unsalaried place as the chief member of the local "Authority" engaged in supervising this important public enterprise. Mr. Moses is also Park Commissioner of New York City; and all recent Governors have relied upon him as the ablest executive available in the field of public parks and similar enterprises.

But it happens that Mr. Moses, who was not known as a partisan, and had enjoyed the confidence of three able Democratic governors who had utilized his brains—namely Al Smith, Franklin Roosevelt and Herbert Lehman—was made the surprise candi-

date of the Republicans last fall for the governorship. Judge Seabury might have been nominated by the Republicans and, on many accounts, ought to have been. He is a Democrat, but he was the man for the occasion.

Mr. Moses is an executive, but not a politician. His campaign speeches were refreshingly frank, and for that reason they ought not to have been resented. For several months now it has been permissible in this country for men to say what they believe about political matters. Mr. Moses was defeated, but went cheerfully along with his work under Mayor La-Guardia. Thanks to him, the children have been skating and sliding in the parks. Nobody has ever before used so much imagination and executive skill to produce quick and permanent results for the happiness of the public, without waste of a tax-payer's penny. He has cleaned out grafting contractors and political jobbers.

Why has this episode been fortunate

for President Roosevelt? All the New York newspapers, day after day, have continued to warn Mayor LaGuardia not to yield to federal interference in what was called a scheme to displace Robert Moses. Mr. LaGuardia, it was commonly said, hesitated too long. Thereby he played into the hands of the Bronx politicians who ran their own candidate, under Mr. Farley's orders, against LaGuardia and the Fusion ticket in the autumn of 1933.

If Mr. LaGuardia had spoken back vigorously, taking the unanimous tone of the New York press of all political shades, it would have made him a presidential candidate. He seems to have been afraid that other loans would be withheld from New York City by the Public Works Administration. There was regret that the Mayor should have seemed to lose his nerve, and to miss his priceless chance to call the bluff that was, of course, Farley's. It is just as well, however, to find out that this excellent Mayor has personal limitations. His timidity has answered questions that men were asking about him. He wants a round billion for local public works.

Again, the important thing is that the spirit aroused by this federal insistence upon dictating in a local matter has already shown the danger to Mr. Roosevelt himself of allowing Farley's political game to affect the distribution of public-works money. Every appropriation henceforth will be scrutinized by an eagle-eyed press. New York City pays federal taxes so far beyond any favors it could possibly receive from Washington in

the shape of loans at low-interest rates, that it could not be victimized by continued boycott. Perhaps a political faction has sought to humiliate the Fusion movement, to put LaGuardia in Farley's vest pocket, and to parade Al Smith and Tammany Hall in a goose-step march behind the Farley brass band. This is everyday New York Democratic politics, in continuance of recent maneuvers.

It was rather unpleasant, all around, that Secretary Ickes, the upright man from Chicago, who had spent his life as a Progressive Republican and a municipal reformer, should have been made the scapegoat. No man could by record and by temperament be less friendly to the Farley brand of politics than Harold L. Ickes. In the first place, he had made a straight contract with New York City, and it would appear that the order under which Moses was to be displaced was ex post facto as well as inappropriate.

Servants, not Masters

Of all men in the country, Moses is the man who would be most invaluable for the overworked Secretary of the Interior, as his chief executive aid. As a campaign speaker Moses had a way of mentioning names and characterizing Democratic personages. Men of humor would not long resent this, because it was all performed so cheerfully. If his word pictures were caricatures, at least they were not vindictive. But probably Mr. LaGuardia's scalp was the thing required. Neither the Bridge, nor Mr. Moses himself,

could have been hurt by the order.

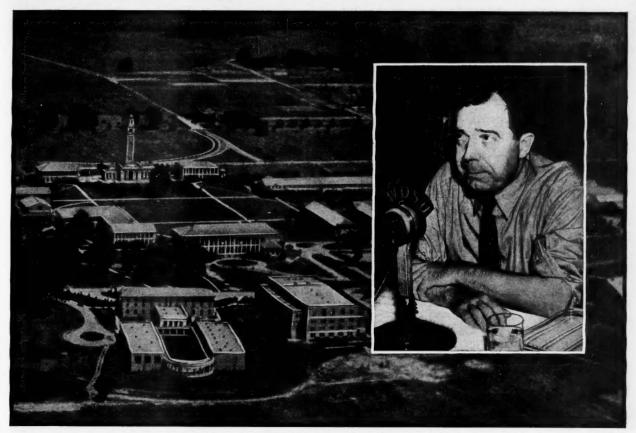
The one moral that stands out, and that makes this episode an affair of national importance, is quite simple and easy to grasp. Any young citizen may take it to heart. It is exactly this: We are all through with soft-solder and mock deference. We are going to speak openly about public matters that belong to us. We are not going to allow politicians whose salaries we pay to ride rough-shod over our rights as voters and citizens. They are our servants, not our masters.

Is the Republican party dead? Certainly not, as long as James A. Farley gives the Republican party so many reasons for keeping alive and working as hard as Mr. Raskob and Mr. Shouse used to work to upset Republicanism in the days of Coolidge and Hoover. We can now support the President in his request for four thousand million dollars, because we can be certain that every project will be discussed in the open, no matter where or how the money is distributed. We admire Secretary Ickes, and uphold the President as trustee. A mistake in time, may save ninety-nine!

There are people who will say that the President is scattering billions of dollars broadcast throughout every nook and corner of America with a view to helping Mr. Farley in the presidential campaign of next year. There is no logic, of course, in such imputations. Beneficiaries look forward rather than backward. "Gratitude", according to an oft-quoted cynic, "is the lively expectation of favors to come". If Mr. Roosevelt distributes the four billions promptly enough to set the unemployed at work, his orange will have been squeezed dry. If he holds back portions of these incomprehensible sums for timely political use, the unem-ployed would grumble. The country would demand a still newer new deal at the hand of a rival prophet, proclaiming a better millennium than Mr. Farley and Mr. Roosevelt had as yet initiated. The moral of it all is that manipulators may control conventions and make nominations, but the voters have their own way at the polls. Mr. Roosevelt has only to do his official job. His future is not at the disposal of party managers.

KE LaGuardia and Ickes (right), out-maneuvered by the smart Democratic machine, may find Triborough Bridge a Waterloo.

Further editorial views—relating especially to current discussions of banking, monetary problems, investors' rights and dangers, and public utilities—will be found under the heading of "Pulse of Business," on page 57 of this issue.



CHEERS

By leading football parades, Huey Long put Louisiana State University in the headlines. Now Huey's legislature gives to L. S. U., and therefore to Huey, a powerful broadcasting station.

Behind the clowning of Huey Long lurks a keen mind, unflagging energy, ruthless egotism, and thorough understanding of the common people. How far can he go on a wave of "Share-Our-Wealth"?

LOUISIANA LIMELIGHTER

BY HODDING CARTER

That the request for this study of Senator Huey P. Long of Louisiana happened to be written by the foreign editor of Review of Reviews is a bit of unintended irony which cannot pass unmentioned. For to the more orthodox forty-seven states, Louisiana has become a foreign principality whose ruler, Kingfish of all he surveys, is decisively and alarmingly swimming into the national deep, looking hungrily toward the White House and rallying about him a school of discontented smaller fry of the genus Panacea and the species Share-Our-Wealth.

Since his ascendancy to the governorship of Louisiana seven years ago, and more latterly to its dictatorship, Huey Long's green-pajamaed, ponedunking, band-leading antics have provided columns of amusing reading for the nation. Only lately has come the realization that behind the usually purposeful clowning are definite ambitions, bolstered by the accomplishments which have given him a political supremacy never before achieved in any state.

Huey Long has already become a candidate for the presidency. If he does not definitely intend to run as an independent in 1936, the present political straws are blowing against the wind. The 43-year-old dictator of Louisiana, whose unruly hair, heavy-jowled face and inescapable nose have been a constant joy to newspaper caricaturists, is out in the open as an anti-administration apostle of a poor man's party.

His legislature has presented him with \$500,000 for a broadcasting station, ostensibly to further the curative efforts of the state university medical school, and intended eventually to be the most powerful station in the nation.



S. Robles, Washington cartoonist, takes delight in Huey's features.



H. I. Carlisle, of Des Moines, sees Huey disturbed by murder plots.



John Chase, of New Orleans, puts Huey, football hero, on the bench.

The same legislature has changed the date of the United States senatorial primary in Louisiana so that it will be held in January and not September, 1936. Thereby Huey can have himself reëlected to the Senate early in the year and then campaign for the presidency in the fall.

He has formed nation-wide Share-Our-Wealth societies, dedicated to the thesis that every family deserves a home, a radio, an automobile and at least five thousand dollars, all of which can easily come through income and inheritance taxes graduated up to confiscation. Such hopeful groups can be transformed into local units of a national party organization almost overnight.

Huey for President

Political predictions are unsafe, but unless one of the remaining few obstructions trip him up, or unless Huey is given a complete say-so by his own party, look for a National Share-Our-Wealth convention in 1936, to be held probably in a mid-western city, at which Huey Long will receive the presidential nomination and some western ultra-liberal the nomination for the vice-presidency. Then get out the ice-bag, for the summer of 1936 will be full of dizzy headaches.

It is not now conceivable that he would win in such a campaign. It is conceivable, however, that he could effect a very disorganizing rift in the Democratic party. He could jockey himself into a position to barter for privileges from either party. Patronage control of the South—including that now denied him in Louisiana—would increase his potential strength for 1940. Huey Long is a young man. He did not win the governorship of Louisiana the first time he ran. He did in his second race.

But—and even the most absolute of dictators have disturbing little buts to annoy them—there still remain a few vulnerable approaches through which his political hammerlock on Louisiana might be loosed and thereby bring disaster to his national aspirations.

The attack most ardently hoped for and predicted by his opponents would come from the Bureau of Internal Revenue, which has been busying itself with the incomes of a number of his close state political associates. Already a handful have been indicted by a federal grand jury.

Abe Shushan, wealthy clothing manufacturer, contributor to Huey's hope chests and head of the powerful Levee Board, is jittery over one such bouquet. Seymour Weiss, suave campaign disbursing agent, nationally known hotel man and president of the Dock Board, has also been jolted. State Senator Jules Fisher and his

nephew, Representative Joe Fisher, supreme padrones of the trapping bailiwicks of southeast Louisiana, must explain certain apparent differences in alleged revenues and tax returns, as must the Nelson brothers, road materials contractors, to whom has gone the bulk of the business resulting from Huey's \$80,000,000 road program.

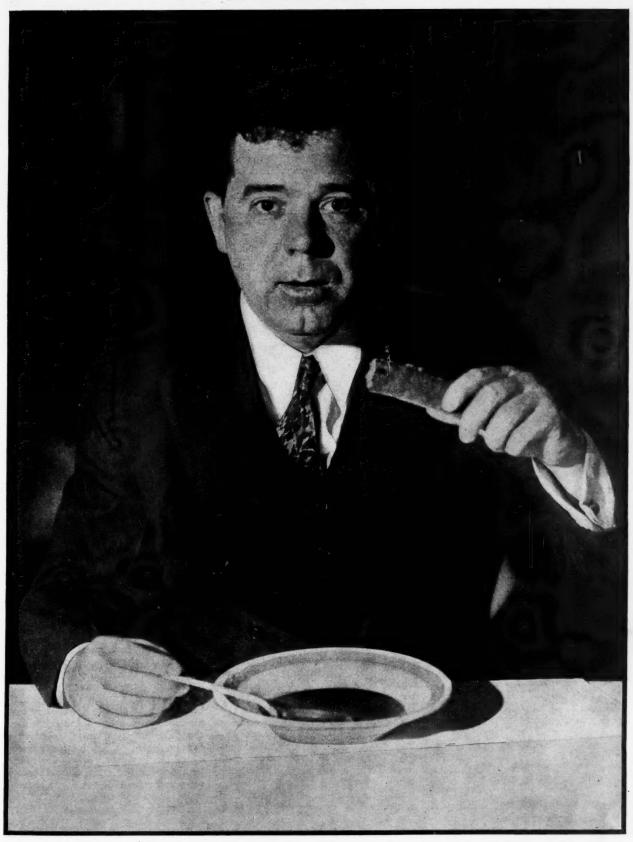
All roads—especially paved roads—in Louisiana lead to Huey, assert the opposition; and they are as hopeful as Huey is scornful that he will eventually be included. It must be remembered, however, that indictments are one thing and convictions another.

The remaining menaces are much more unorthodox. Although Huey, whose political past is dotted with inglorious physical defeats, is derided for being constantly accompanied by armed bodyguards, the same mockers will state simply and unequivocally what would happen to him if these husky lads were not in attendance. The peril of dictatorship is as certain as its power, and Huey Long is afraid of bodily injury or worse were he to venture abroad in Louisiana unguarded.

This is no idle assertion. There are many sane, thoughtful citizens who believe that only through a .45 can the state regain its political and economic sanity. That there has emerged so far no Brutus or Corday to bell the Louisiana wild-cat is no proof that one is not in the making. Huey has offended, insulted and broken scores of men; and he feels (not without adequate reason) that his own life is in constant danger.

Bloodshed Avoided

The third threat is neither from federal investigations nor individual attack. A number of semi-military organizations have been formed with the eventual purpose of forcibly usurping the present state government. Although leaderless in a state-wide sense, these partly organized and indignant citizens might flare at a chance event, with the spontaneity of a mob, into a rebellious unit against the threefold army which Huey now commands. This is doubtless why Long has taken care to avert actual bloodshed during and since his rise to absolutism. Were his militia, his new force of secret police which supplements the state constabulary, or the special deputies authorized under legislative enactment to keep Long's peace at the polls, to kill or seriously injure an opposition partisan, the Louisiana situation would easily be out of hand, and federal intervention might become necessary to avert bloody civil battling.



POTLIKKER

Cornpone dunking caught the public fancy and helped to label Huey Long as one of the folks. The rural citizens of Louisiana, comprising two-thirds of its voting strength, are easily won over by his tactics and flock by thousands to enroll under his banner.

On the brink of each imminent armed conflict, Long has receded from his strong-arm tactics. He has done so either through compromise as was the case in the last New Orleans election, or through abandoning the field as he did in the Sixth Congressional District. Rampant voters on that occasion, incensed at his attempt to elect a Congresswoman without the mandatory party primary, burned ballots, patrolled polling places with shotguns, hung Huey in effigy, and prevented any voting in four parishes.

Barring such threats, Long can rule indefinitely his bayou and red-hill empire, leaving the actual affairs of publican form of government, completely non-existent in Louisiana today. Such interference could only follow congressional investigation and recommendation, and could not be instituted by presidential edict.

Seven years ago the rural vote of the nation's second most illiterate state spewed Huey Long into the governorship—not with a majority vote, but through a plurality which gave him the seat in a three-cornered fight when the runner-up refused to enter a second primary. Few took the political youngster seriously. But from the day of his election Huey began his battering and battered rise to a

whom they are presented, have been the politically nigh unanswerable retorts to his opponents who seemingly have not yet discovered that statistics on extravagant expenditures are not meat to the non-mathematical electorate. Apparently inexhaustible funds, partly secured through arbitrary levies upon the salaries of state employees, more than match the combined resources of his enemies to telling advantage in these days of economic misery.

Finally, and to the ethical-minded the most discouraging factor, is the succession of Louisiana legislators moulded at will from what would appear an overwhelmingly identical clay that despite a constant fire of criticism, contempt, and cajolery has never hardened to rebellion.

As a Young Lawyer Go back to 1918 when a 27-year-

old attorney, who had avoided the draft through the exemption granted a notary public, began raging through north Louisiana as a candidate for the Louisiana Public Service Commission, a utility regulating body. Into that campaign Huey Long injected a virulence hitherto unknown in the state. He damned the power trusts, the railroads, the telephone company. To the old southern political oratory, compounded of the fervor of a Baptist camp meeting and the rodomontade of the Victorian stage, he added a coarser leaven of bitter personal invective and barnvard simile.

He denounced and promised with the agility, shrewdness, and plausibility of a forward youth who had left the red slopes of a Winnfield farm to become a successful baking-product salesman, and who had forsaken the drummer's road for the lawyer's shingle through an amazing short-cut which included only six months in the Tulane Law School before he passed the state bar examinations.

Huey Long had brought his championship of the poor man from the court room, where he had already begun piling up a comfortable private income from workmen's compensation cases at sizable fees. His exploitation of the hates and desires of the dejected poor white tossed him eventually into the Governor's mansion. He has remained at the helm. firmly installed, ever since the one memorable near-defeat when he was saved from impeachment in 1929 by the "round-robin" resolution of fifteen senators, who declared they would not act on the House's impeachment regardless of evidence.

And for seven years he has preserved his hold upon these people, who are the preponderant backbone



FAN MAIL The Boss of the Pelican State, surrounded by his law books, counts the telegrams in his Senate office.

state to complaisant subordinates while he essays to make the United States conscious of the evils of Wall Street, Standard Oil, J. P. Morgan, and allied exemplars of wealth concentrate. His dictatorial position in Louisiana has been all but unshakably consolidated.

Dictator In Fact

The word dictator has been applied loosely to many a powerful politician. Huey Long, vengeful boss of a state machine which out-Tweeds a Vare, has earned the title. The question is not whether Huey is really a dictator, but how he has attained and maintains the rule which makes his Chicago Democratic convention boast, "I am the Democratic party in Louisiana", a simple statement of fact.

Under the federal Constitution it is legally possible, but dangerous in precedent, for the United States to interfere to restore the right to a recomplete supremacy ascribable not to any one cause but to many.

The vivid, calculatingly reckless personality of a master demagogue, possessed of the genius of the common touch, and animated by a physical and mental vitality seldom equalled, is perhaps the outstanding factor. Almost equally important is the sociological, economic and political background against which he shouts his war-calls to class hatred.

Continual mistakes and defections of a divergent, dazed, and disorganized opposition have enabled him almost invariably to turn from defense to an offense of blasting invective issuing from the radio, the sound truck, the printed, state-distributed tracts, and the American Progress, his raw-hiding, wealth-sharing weekly with which he hits back at the newspapers of the state.

Lavish material accomplishments, made possible at a cost not counted by the impoverished majority to

of Longism. When Huey takes to the hustings, the conduct of his rural audiences is as much a spectacle as is his own. His wild-eyed demeanor, as his upflung hands call down curses on all oppressors, his satiric parade of the material accomplishments of his regime, his slandering attacks upon men and women who have opposed him, are the flints that strike fire from minds unresponsive to calm arrays of facts. They applaud his every word, howl at the blunt, homely jokes, boo at the mention of his critics. They have flocked by thousands to enlist under the Share-Our-Wealth banner, these indigent, indolent folk whose first mattresses and sanitary backhouses came from the

This Louisiana background must be understood if Huey Long's success is to be analyzed. Of its 2,000,000 population, 700,000 must be eliminated from the political picture because of their color. New Orleans contains more than one-fourth of the state's population. Discounting its Negro population it has almost a third of the state's voting strength, completely dominated until Huey's advent by the Old Regular Democratic organization, the south's counterpart of Tammany.

The remainder of the Louisiana electorate is preponderantly rural, for there are but a half-dozen other cities with a population of 20,000 or more. And between country and city there has always been a politically sponsored ill-will. Huey Long pitted the "honest farmer" against the "city crook," and in 1928, for the first time in present-day state politics, the Old Regular endorsed candidate was defeated. There were many in the state, both in and out of New Orleans, who were glad to see the Old Regulars, with their unsavory thirty-year record, eating humble pie.

The Unholy Alliance

When Long, victor in the United States Senatorial race in 1932, formed the "unholy alliance" with the discouraged Old Regulars, headed by Mayor T. Semmes Walmsley, the roar that went up from independent citizens at this mutual benefit society was as loud as it was futile. Huey easily explained to the country voters that the Old Regulars had begged for forgiveness and that he was taking the erring scapegraces to him for a thorough washing behind the ears. And with the New Orleans machine vote and the solid country vote, Huey could and did laugh at the opposition in the smaller cities and towns.

Dividing the mounting patronage and other political spoils, and electing O. K. Allen as his governor-mouthpiece, the combination lasted two



CONTROLLED

New state capitol at Baton Rouge. The legislature is a rubber stamp for the powerful Kingfish.



SUB-HEAD

Huey Long and his governor-mouthpiece, O. K. Allen, chuckle over their recent coup—every wish a law!

years. During this period John Overton was elected as Huey's senatorial colleague, with the resultant investigation which proved immaterial except for the present annoying libel suit by General Ansell, the committee's Huey-heckling prosecutor. Then Huey and Walmsley disagreed in December, 1933, on a New Orleans municipal ticket. The combine broke up, and the Old Regulars defeated the Long ticket. The heartened opposition pointed to a number of political signs, including Huey's split with Roosevelt and the accompanying loss of patronage, as sure indication that he was headed toward defeat.

The Kingfish Emerges

Shortly thereafter the real fireworks began, with Huey Long directing the explosions. Forgotten in the general jubilation was the obedient Louisiana legislature, which was to hold its regular biennial session in the early summer. Overlooked in the forecasts of imminent downfall was the Share-Our-Wealth society, an already lusty state infant. And minimized by the elated opposition was the fact that Huey, through Governor Allen and the politicalized state boards, still had complete control of all administrative agencies. Except for the defecting Old Regulars, the

political leaders of the administration remained loyal to Huey and to their jobs. There are about twenty-four thousand such jobs, ranging from college presidencies to seats on a roadgrading tractor, over which Huey has arbitrary control.

When the legislature met in regular session, it became apparent that a hoped-for reorganization of the House and Senate into an anti-administration legislature was a pipe dream. Huey lined up almost his old majorities, took personal command, and began riddling New Orleans with political shrapnel. That delirious session, followed during the summer and fall by notoriously abject special sessions, turned over Louisiana, lock, stock, and pork-barrel to Huey.

Nowhere in the United States has any body of men, dedicated to deliberative action, presented such a spectacle as did this majority group which the state press dubbed "the finest legislature that money could buy". This two-thirds majority, composed of a typical sprinkling of small-town business men, farmers, and lawyers, overrode the obviously mismated opposition of the Old Regular bloc and the howling independent minority from scattered districts. It complacently took orders from Huey as he stalked in person through the legislative halls, laughingly witnessed attacks upon reporters, pressed the "yes" buttons for unscanned measures bearing Huey's endorsement.

While it cannot be proved that they were "bought like sacks of potatoes", as Huey had characterized members of his first legislature, impotent citizens of anti-Long parishes discovered representatives elected in opposition to Longism joining in the monotonously regular endorsement of his punitive bills. They saw these same legislators emerge from the sessions possessed of jobs for themselves, for their kinsmen or close friends, and bearing hatchets for traducers.

Completing Control

To further his domination, Huey moved again upon New Orleans at the head of the state militia and took over the office of the registrar of voters to prevent the Old Regulars from seizing the voting rolls by court orders. Previously such a coup had resulted in a purging of Huey's supporters and an alleged padding of Old Regular lists. Now whatever purging was done, Huey did. Despite near battle, an accidentally wounded guardsman was the only casualty, and in a quiet balloting Huey elected two congressmen, a supreme court justice and a public service commissioner over a coalition of financially crippled Old Regulars and insurgents.

His control nigh complete, he then forced an election for another supreme court justice, through the assistance of the three court members friendly to him, in a district where the Long candidate for reelection died a few days before the balloting. In the second race thus unconstitutionally ordered, his former house speaker, John Fournet, was elected, giving Huey a 4 to 3 majority on the state's last bench of appeal. And with everything lined up, he called again on the legislature to push over the bills which gave him the ultimate in political and economic mastery of Louisiana.

Even to discuss briefly the content of the amazing pieces of legislation by which the absolute dictatorship was established would-and eventually will-fill many pages. Huey controls every police and fire department in the state through the facetiouslytitled Civil Service Commission, which can remove both elected and appointed officials. Through an appointive State Bar Association he can prevent any lawyer from practising. Use of the militia for any purpose can no longer be prevented by civil court injunction. The twenty thousand school teachers are subject to his confirmation.

(Continued on page 64)



FAMILY

Mrs. Long and the seventeen-year-old Miss Rose. They claim that the Senator is the kindest man in the world.

WHY NOT PLAN FOR RECOVERY?

BY JOSIAH W. BAILEY UNITED STATES SENATOR FROM NORTH CAROLINA

Have stop-gaps, cushions, and relief measures blinded us to the fact that emergency methods do not lay sure foundations for recovery? Here is a conservative Democratic view of the situation.

THE TREATMENT of emergency conditions is not to be confused with the methods of recovery. The one is temporary, the other is permanent. The one is superficial, the other is fundamental. Stop-gaps, cushions and the like may be necessary to preserve order and maintain morale, to create conditions justifying more substantial measures; but these cannot be the means of recovery. Assuming that for the present stop-gaps and cushions have served the purposes of emergency, what are the foundations that must be established as the basis of recovery?

Stabilize Confidence

First, we must balance the National Budget, that is, bring public expenditure within public revenue. So long as the Treasury reports annual deficits, business is uncertain and insecure; money and contracts are not to be relied upon; taxation is rising. These simple statements are elementary and self-evident. There is a limit to the credit of the Government -and once that limit shall be reached, uncontrollable inflation will ensue. How then may we expect business to expand, investment to increase, so long as the public expenditure exceeds the public income-leaving a balance in the form of increasing debt, increasing taxes, increasing strain on the currency, and increasing menace to the Government's bonds, i.e., its credit?

Conceding that large expenditures have been necessary and have served a purpose, we must as the first step in recovery, in business expansion and employment, proceed as early as possible to balance the National Budget. That will be a base upon which recovery may be founded-and without it we are building without a foundation, building a structure that will fall upon us. This balancing of the Budget may indeed require more

taxes as well as less expenditures.

The new tide of money demands upon the Treasury is a plain attack, therefore, upon recovery. Those who support these demands are not making for recovery but for more and worse depression. The only justification for extraordinary expenditures is necessity, and only so much as is absolutely necessary should be expended.

The second foundation to be established is the resumption of payments in specie. We cannot entertain the possibility of recovery so long as the currency is uncertain. At present our currency is inconvertible, not redeemable in anything of specific value. There is value back of it-the credit of a Government which has \$8,000,000,000 of gold in its Treasury; and the faith that our paper money will at length be redeemed in specie, that is, something worth the full value of the currency independent of its designation as money. But this is not specific. It is not redemption on demand. Gold is the monetary standard because it does not require the Government's stamp upon the gold of the weight of five dollars to purchase five dollars worth of goods. If silver were of equal value and reliability it would serve quite as well, but it is not. It is clearly a matter of value, not of metal.

The necessity for payments in specie as a condition precedent to recovery is manifested in two aspects, one domestic, the other, foreign.

The Inflation Bogey!

In our domestic markets there is question of our currency—the spectre of inflation stands over every contract, every loan. We do not know what the dollar will be worth tomorrow-or next year. Why borrow money, if the amount to be repaid may be more than twice the value next year? Why lend money, if the

amount to be paid may be less than one-half the value of the loan in a few months? A lawyer was drawing a contract of lease for five years a few days ago-he sought so to draw it as to be sure his client would get the value in contemplation between the parties. Imagine his difficulty in view of the possibility of inflation, in which event \$500 might be worth the value of \$50 today.

Men are urging businesses to be courageous, to be venturesome, to go forward. But men of common sense cannot put forth their capital under

such conditions.

Men are urging banks to lend. But is it prudent to lend depositors' money, trust funds, when it may be repaid in one-tenth its value at the time it was loaned? Bankers must give account to 50,000,000 depositors.

Economic Lunacy

There are all sorts of currency schemes on foot-price-index dollars, dated dollars, postage stamp dollars, 16 to 1 dollars, etc., etc. All these tend to counsel prudent men to seek if they may find some form of investment that is sure—that is not subject to the menace of inflation. Some hoard silver, some hoard cotton or copper, some invest in foreign lands in which the value of money is insured by payments in specie upon demand. Others take Government securities.

The other phase in which the uncertain condition of our currency is reflected in the prevention of recovery is that of our foreign trade. Our dollar is at a discount abroad; and its price-or purchasing power-fluctuates from day to day. Foreign traders buy our dollars with their money, the price varying from day to day. In the final analysis the transaction is settled in gold. But what our dollar is worth, i.e.—just how many grains of gold it will buy—has become a

debatable question, possibly varying from one hour to the next.

The effect of this is to handicap our foreign trade, to make it inconvenient and hazardous, for example, to buy our cotton; and further to excite the competition of foreign money with our money. It is not to be wondered that we have been losing our export business while other nations have been gaining at our expense.

So it may be put down that the resumption of specie payments—of the convertibility of our dollars into fixed and sure buying power at home and abroad on demand—is another base of recovery.

Hoarding Is Hysteria

One principal reason for withholding payments in specie is the suspicion that if we should pay in gold, many would proceed to hoard, to place the gold in hiding and so take its value in money out of circulation and make matters worse. But sooner or later the Government must trust the people—giving them at the same time assurance that sound fiscal policies, a balanced budget, and a secure Government will be maintained.

The leadership of the future will be that which is capable of giving this assurance just as the leadership of the past two years has been that which was capable of giving assurance that better things were at hand. Let it be recognized that resumption of payments in specie ought to come in a concert of action between the United States and Great Britain. A "managed currency" in either nation makes for instability.

The third need is for a stable Government. In the last several years there has developed a widespread fear of revolutionary action in America. We have looked across the Atlantic

not without foreboding. And there have been those on our own shores, some prominent in public life, who have justified these forebodings. Candidates for office have, in many instances, proposed revolution. Political groups have espoused money-spending programs which the prudent could not misunderstand. They knew that these programs, either ignorantly or wilfully, contemplated national prostration and overturn. Many who have disavowed Socialism have enthusiastically advocated every principle and policy of socialism and proclaimed their antipathy to capitalism. Some have done no less by Communism. There is no security for capital in Socialism or Communism.

There has been an alarming degree of unrest; and strikes have threatened, which had they occurred in a series within a period of months, would have had grave consequences.

The saving factor has been the general faith in the President. Whatever the critics may say, whatever history may at length say, it must be acknowledged that it has rarely been given to one man to be as valuable to a great people as he has been and is to this hour.

But underlying this confidence lingers a fear—a fear that inflation may come, that money-spending may be carried too far, that Congress may not be able to resist the rising tide of demand for the distribution of funds which do not exist, and that the Government itself may yet be put to a strain which it cannot bear.

We have therefore, as the third foundation of recovery, the assurance of a stable Government—which can balance its budget, resume specie payments and resist demands the effect of which could but have the consequence of a radical alteration in its character.

Here is the call of patriotism—the appeal to Americans to maintain their faith in their Republic; to stand by it and suffer, if necessary, to preserve it. Once it comes home to us that the Republic is secure, we shall have a base of recovery more to be prized than rich treasuries or prosperous commerce. It is the indispensable foundation.

The fourth goal is the creation and saving of annual wealth. The more those who have work save, the more will be employed. Capital employs labor and savings are capital. We get out of depressions by creating wealth, and saving part of it year by year. Concede the necessity for destroying crops, if for no other reason than to get a fruitless argument behind us, we must increase our annual wealth from soil, sea and earth.

Distribute Opportunity

This world will never break down on account of too much annual wealth. The means to distribute the opportunity to create it and have it can be wrought out—and the more the better for all. This is the only sort of distribution worth while—distribution of opportunity to create and save annual wealth, crops, goods, the products of sea, soil, earth and labor.

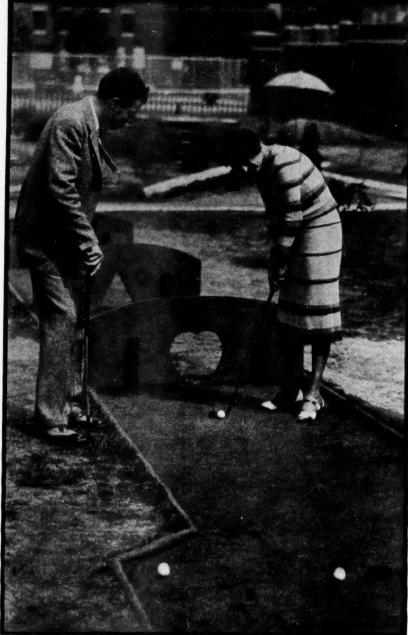
There are those who now say, "It is of no use to work and save; if we save, it will be taken from us, if we do not the Government will have to take care of us." This is rot—plain rot of manhood. People who take this view are not helping, and Government policies that encourage this view are doing far more harm than we imagine. The Government must arrest this rot by a strong policy.

We can prevent suffering without destroying souls. But we cannot do so with weaklings yielding to such sentiments as are now running at large-with demagogues purchasing offices by catering to such sentiments. Voters have a duty here-let them hold the heedless promisers and spenders to account. Let them demand of candidates for public office to show in specific terms from whom and how they will get the cash they so freely promise. I heard a candidate for Congress, in a radio speech, promise seven billions of dollars in seven minutes. He proposed no taxes whatever. But he was beaten-as he deserved to be. Here is evidence that common sense may yet prevail.

I have set out the four foundations of recovery. There is no reason for aimless groping for some magic deliverance, which can never come. Recovery is a consequence. If we study to build these foundations, the consequence is sure.

FOUR FOUNDATIONS FOR RECOVERY

- Balance the National Budget by bringing public expenditures within public revenues, thereby reviving business confidence and destroying the menace to Government credit.
- Resume specie payments on demand to end the spectre of inflation.
- Assure a stable government along accepted American lines to remove the threat of radical experimentation and revolution.
- 4. Reverse the trend toward reliance on public aid for every need by Government advocacy of personal saving, investing, and building up of capital.



H. Armstrong Roberts

HAVE YOU A FAD?

BY DONALD A. LAIRD

Crazes, fads and fashions bring alternate joy and despair to the men and women who try to satisfy every public demand. It is helpful to know the underlying psychology. W HICH OF TODAY'S popular idols will we still enjoy ten years from now? And which will we forget? Why will we probably have forgotten Joe Penner and Mae West, but will still remember Will Rogers, Walter Winchell or Katharine Cornell?

The answers to these questions at first glance do not seem very closely related to the business of making men's shirts or selling soap or manufacturing fountain pens—but they are. The business executive who knows the answers and understands the reasons for them will have a better chance of surviving in keen competition than the one who doesn't. He knows that people buy one thing and refuse to buy another, that they praise an item today and ignore it tomorrow-only to wax enthusiastic over it a few years hence! He knows that there is nothing so vital to existence, so firmly entrenched in the public consciousness that it cannot be ousted almost overnight through swift changes in public tastes.

All businesses are affected by marketing hazards but they would be less so if it were generally understood why people tire of some things and not of others, why some products or services sell steadily year after year, while others are born, flash into brilliance, and fade away.

The amusement field offers striking examples of the underlying psychological principles which are responsible. Consider the sad case of Maggie Cline.

Maggie died recently in a small New Jersey town, and her death brought rushing back a flood of memories of the bygone days of vaudeville, when church deacons and gay bloods the country over were applauding her to sing some more of Throw Him Down McCloskey, as only Maggie Cline could sing it, with the accompaniment of broken glass and hammering on wash tubs offstage. She was the music hall idol of her day, yet a year ago not a handful of an audience would have turned out to hear her.

What makes the public so fickle, so that today's idols are in tomorrow's breadline, so that jig-saw puzzle sales are now just interesting commercial history? To see how fickle you are, you remember the Jersey Lily, Edna Wallace, Horace Fletcher, Della Fox, Fay Tincher, Georgette Leblanc, Joe Weber, Marguerite Clark, William Miller, May Irwin, Sybil Sanderson, Lou Fields, or the Cherry Sisters?

It is not ignorance that makes you remember only one or two of these once popular stars. What makes the memory of most of them so dim is the power of imitation and suggesti-





FASHION Model T made economic history, but new styles made it obsolete. The modern Ford meets both technical and aesthetic demands. Moral: Feel the public's pulse before sales fall off!

bility in human beings to raise idols quickly, and to let them fall almost as rapidly.

And human nature changes with advancing years. Of men twenty-five years old, 63 per cent like bridge, but only 31 per cent like the game when they are fifty-five. The liking for vaudeville, witty people, and amusement parks also declines rapidly among older people. So, the gay young bloods of twenty-five who were entranced by the boisterous, witty performance of Maggie Cline were just not interested in that kind of entertainment when they were sedate gentlemen, fat and fifty.

On to Stardom

All popular idols, and sudden sales booms, are made largely by human mass suggestibility. This, too, is weakened as individuals become older, constituting another reason why the old admirers of the boisterous Maggie Cline could not get excited about her singing when they were fifty and sixty. It is the people from twenty to forty years old who suddenly lift the popular idols, ideas, or products far aloft to the heights of mass worship.

The younger people of the present time neglect those skilled old entertainers because young people want to be up-to-date. Fad and fashion rule as much in amusements, product sales and other things as they do in dress.

Fashions in everything change. Today we laugh at the skilled pen and ink cartoons of the great Nast; they seem odd to us because we are not used to them, just as we are not used to villains with long black moustaches in this season's movies. Not so long ago we had a round of films like musical comedy. Now we don't want to see them, for we have gathered the suggestion that other pictures are more fashionable.

It is human slavery to suggestion and imitation that brings about such changes as these, changes which are really big ones if we stop to think about them. Suggestibility accounts for us getting an idea that something is the fashionable thing to do, without our knowing exactly how or where we got the notion. Imitation leads us to act the way other people do, without thinking whether it is the best way to act. The combined force of these mental traits gives us the interesting phenomena of sudden crazes which sweep the country unexpectedly. Crazes, fads, and fashions are all built on this twin psychological base of suggestibility and imitation.

Crazes rise quickly, and die quickly, without really lasting very long. These performers who have become famous overnight for some phrase or mannerism they use, which others repeat like wildfire over the country, are likely to fall into quick obscurity. Joe Penner seized the country so quickly with his phrases "Wanna buy a duck?" and "Oh! You nasty man"

that he will likely fade out almost as quickly as he rose to prominence unless he learns from De Wolf Hopper and Walter Winchell.

Maggie Cline let herself become trade-marked by her McCloskey song. People didn't tire of Maggie Cline, but they tired of the song, just as they tire of any pet phrase that becomes a national menace for a few weeks. But they couldn't think of Maggie Cline in any way except as the singer of that song.

Casey at the Bat

De Wolf Hopper just narrowly escaped being trade-marked in the public mind by his recitation of Casey at the Bat. He was wise enough in the fads and whims of public-worshipers to make this secondary to his real performance. Katharine Cornell is an actress who can play many parts, a lady in a green hat, Elizabeth Barrett Browning, or a Juliet. Her audiences do not tire of her; but Mae West's appeal is based on no such versatility. She will have to change her style or find the public passing her by. The public quickly lets its idols drop when it remembers them just for one kind of talent. Products, too, must change ask Henry Ford about this.

When a craze is slower getting under way, it usually lasts longer at the height of its popularity, and dies away slower. And then it is no longer a craze, but is called a fad.





CRAZE You don't do jig-saw puzzles any longer because your friends got tired of them. Thousands of idle puzzle-makers had to look elsewhere for jobs, while sales managers sought new gadgets to sell.

Fads are just crazes about which people do not get so excited, and about which they keep their interest longer.

Walter Winchell and Will Rogers had a slow, hard climb, but they are staying longer in the limelight than if they had landed there by a meteoric spurt into sudden popularity. The psychologist may suspect that Winchell will remain longer in favor since he has not let himself become known for one style of column; a few years ago he was in that danger, but he introduced variety from day to day in his reportings.

The radio stars who draw the fattest salary checks are those who do not get trade-marked with one kind of talent, and who constantly introduce new ideas and personalities. Rudy Vallee, Fred Allen, and Jack Benny are three people who are always giving the customers something new, consequently the public does not get tired of them. Father Coughlin, Huey Long and Dr. Townsend are distinctly out of traditional political patterns; consequently they attract wide audiences.

In recent years streamlining has been seized upon by various manufacturers to give their product something new to talk about in advertisements. Even caskets, cocktail shakers and men's dress coats were streamlined, with no scientific justification whatsoever. But the idea helped sales. Products were dressed up. The public got something new.

When a man buys an expensive pedigreed dog because it is the most fashionable breed at the moment, he is likely to tire of it in a short while. However, when he has just an ordinary dog to which he was attracted by its friendly qualities, he seldom grows tired of it. The rough old hunting boots which the man bought for comfort are given good care, while the faddish pair of alligator skin oxfords are rather carelessly treated after a month or two. Things bought under the spell of the suggestibility and the imitation of a fad or craze just don't wear well on our spirits. Attics and closet shelves are loaded with such things which were bought impulsively and enthusiastically, but to which we quickly cooled.

Music which depends upon some novel effect or trick wording is popular for a while, but the music which lasts, be it high-hat or plain ordinary, is the music which is enjoyable for its own sake and not because of something novel about it. Hill-billy music will be forgotten in a short time, perhaps to be resurrected in a quarter of a century.

Love at First Sight

It is the same way with husbands and wives, and is often vital in such cases, since one-fourth of husbands and one-half of wives have seriously considered getting a divorce some time or other. When the marriage was the result of a sudden infatuation, they become tired of it faster, like the sudden craze to say "Where's Elmer?" which lasted only a few weeks. Marriages which are the result of falling in love with a cute nose, or one or two attractive mannerisms, or the tasty bisque tortoni she can make are also likely to be short-lived, like the actress whose popularity rests on one song.

The good old-fashioned marriage, following a long period of acquaintance and courtship, was more enduring than the somewhat common sudden cocktail marriage of today. The old-fashioned drawn-out courtship was probably more lasting for the same psychological reasons that we keep on eating spinach and olives, which we had to learn to like.

Quick attraction, quick repulsion in love. It is the same way with friendships; the ones that develop slowest last the longest. And for the same psychological cause, sales rise and then fall hard. When people fall out in love, those who were the most in love fall out hardest. The best friends are the ones who become the bitterest enemies.

The psychological cause of this is the mental mechanism of ambivalance. The idea in the background of the mind is usually the opposite of the idea dominating our conscious thoughts at the time. The first word that up makes the average person think of is down. Hot makes us think first of cold. The word heavy makes us think of light. Black, long, outside,



as seemotions account

COONSKIN

Five years ago collège men wore fur coats, and how! But you see very few of them at football games today.



MAH JONG

Just a memory now! This picture illustrates to what extent a passing fad can be carried by its devoted fans.

thick, all make us think first of their opposites. The thought lying closest in our mind to love is hatred, blame lies closest to the thought of praise.

So what is more natural, although it does not credit the human race, for audiences to begin giving Babe Ruth the Bronx cheer when he misses a few swings at the ball? And the old two-reel custard-pie comedy, at which we split our sides laughing during the war, gets a disdainful smile today. The higher they are, the harder we make them fall. The quicker they become an idol, the faster we forget them.

They Always Come Back

Fads have a tendency to recur at intervals, like weeds in the garden. The American Congress started a national lottery in 1776 to raise money, and at that period many states and cities used lotteries in place of tax collectors. Then they died down and were in general prohibited by legislation in 1830. But around 1860 the Louisiana Lottery Company was going like wildfire and people from all over the country were following and taking a chance in it regularly. It was declared illegal in 1890, and moved to Honduras and the public interest in it naturally declined, as it does with all fads after a time. Now we are seeing a growth in the popularity of the lottery and should reasonably expect it to be legalized within the next five or ten years.

Prohibition is out now, but in perhaps thirty years we should be prepared for it to ride back on the crest of a craze, just as the 18th Amendment was tacked on to the Constitution so quickly that most persons did not realize it.

That is why some popular idols are able to stage an unexpected comeback—one fad dies out and another comes rushing back in to take its place.

So, the firm which has to fight for slight sales gains should, after all, be encouraged since it indicates the likelihood it will be in business a long time, and will not yield overnight to a new competitor. But this is not a justification for failing to put forth every sales effort, for only time and space go on forever without human aid. Methods and products—no matter how well established — must change and change promptly to keep in pace with the peculiar quirks of human nature.

But let these facts encourage you to strive for the rewards usually reaped at the end of a long pull. There are oaks and mushrooms in business as well as in the deep forest—and the mushroom may likely be a poisonous toad-stool.



YOU CAN'T BEAT HIM!

BY FREDERICK S. OSBORNE

Republican Governor Hoffman of New Jersey gained the political spotlight during the famous Democratic landslide of last fall. He retains that spotlight by an aggressive business man's program.

HAROLD GILES HOFFMAN, recently inducted Governor of New Jersey, collects miniature elephants. Friends are constantly adding to the herd, hopeful perhaps that their example will be followed by the mahouts of that now emaciated elephant who once was wont to trumpet triumphantly throughout the land. It is more than wishful thinking, for politically minded New Jerseyites are examining the short, stocky, boyish

Mr. Hoffman and asking, "Little man, what next?"

It is a pertinent question. Scoffers declare that Governor Hoffman is not of presidential timber. But then scoffers had said that he was not equipped to be Mayor of South Amboy, or state legislator, or Congressman, or Motor Vehicle Commissioner, or Governor. The scoffers may be right. Hoffman may not be presidential timber. But he may be Presidential timber.

dent before his political career ends.

The distinction lies in his ability to attract votes. An opposition newspaper, after one of his earlier campaigns, entitled an editorial of abject despair: "You Can't Beat Him". The phrase has the ring of plausibility. He has been eight times a candidate for political office, without defeat. Last fall he overcame seemingly insurmountable obstacles.

Harold Hoffman did more than

buck the Democratic tide which elsewhere engulfed most Republican gubernatorial candidates. Around his neck was the millstone of a disorganized, discredited, scandal-ridden party. Opposed to him was the not unqualified Judge William L. Dill. If Dill could not win on his own merits, he was expected to ride into the governorship upon the coat-tails of the popular A. Harry Moore, Democratic aspirant for the United States Senate and twice chief executive of the state.

Forecasters were right about Moore. He swamped Republican Senator Hamilton F. Kean by 200,000 votes. They were wrong about Hoffman. Thirty-six hours after the polls had closed, late returns gave him a margin of 12,000 votes, made him the first Republican governor elected in a non-presidential year since 1907.

Chronic Joiner

Governor Hoffman is a clever politician, but there is nothing new about his vote-getting formula. During fourteen years of public life he has perfected that age-old method of "hail-fellow-well-met", among as many voters as airplanes and motor cars can reach. He has "jined", in his own words, "nearly everything but the Daughters of the American Revolution". He is a member of the American Legion, the Veterans of Foreign Wars, the Rotary Club, the Masons, the Junior Mechanics, the Patriotic Order of Sons of America, the Royal Arcanum, the Eagles, the Tall Cedars, the Odd Fellows, the National Republican Club, and the Academy of Political Science. Although a Methodist, he is an honorary member of the Holy Name Society of Bayonne.

He has created in the minds of the people a not untrue picture of himself as an honest, earnest, hard-working, able, and sympathetic young man. "The man in the street" calls him "a square-shooter". The phrase has almost become his personal property.

Able Showman

There is a bit of the actor in Harold Hoffman, a great deal of the orator and raconteur. Up to the time of his inauguration he patterned his public appearances after the vaudeville monologist, rather than the debater of civics. His speeches consisted of seven parts of jokes, two parts of sentiment, and one part of generalities. In the gubernatorial campaign he left to his opponent all discussion of the parlous state of affairs in New Jersey. At his own rallies he presided, in the words of his critics, as a "master of ceremonies", over programs which smacked of the variety

stage. A headliner was his thirteenyear-old daughter, Ada. Inheritor of her father's gift for doggerel, she recited her own poem, "My Dad". One stanza more than suffices:

Just an all-round nifty fella With a lot of vim and pep, And a smile that's broad and catchy An' the power to keep in step With the times and with the nation, Brimming full with fun and joy And the wisdom of a statesman And the mischief of the boy.

His tactics alienated many intelligent Republican voters and a preponderant number of newspapers, including the influential Newark Evening News. But the loss and the opposition proved not to be serious. Roman holidays have attracted people since ancient times.

The victory won, he now assumes a manner more in keeping with the dignity of his office, and a meticulous execution of the duties of a public servant. Upon the night of his inauguration he addressed two veterans' organizations, formerly a perfect background for his rôle as entertainer. Much to the surprise of his critics, he spoke seriously and understandingly about the state government. That was the second shock of the day for the scoffers, for his inaugural address of 20,000 wordstwice the usual length-had been a comprehensive discussion of the problems of the state. It contained concrete recommendations. It exuded a determination to hew to the line.

"The immediate objectives, both in the state and to a much greater extent in local governments", he declared, "are clear and compelling. There must be reduction in public expenditures to the point where every dollar of public money is spent in the most effective way for the absolute essentials of governmental service. There must be definite limitations placed upon municipal expenditures, including both current expenses and capital outlays, and there must be tax relief for real estate".

His major proposals are a sales tax and an income tax, to raise \$35,000,-000. Two-thirds of this is for unemployment relief, the remainder for lightening the burden on real estate. When opponents objected to his plan, he promised his support if they could evolve a better one. But he warned them of his determination to force frank facing of the financial situation.

Harold Hoffman's strength lies not only in his ability to obtain votes. He has attracted a coterie of eager workers. Even the network of motor vehicle agents, who naturally found it to their advantage to sell Hoffman along with license plates, put a spirit into their efforts that indicated something more than a desire to assure their bread and butter. A non-commissioned officer who served under Hoffman in the front trenches, seventeen years ago, wrote: "In army parlance, he is aces up". He is still "aces up" with veterans' organizations—a factor which may hold the answer to the question of his political future.

His war career was a significant interlude in a lifetime of intense activity. He demonstrated ability to attract the loyalty and confidence of men, and displayed qualities of leadership which were recognized in his rapid rise from private to captain.

He was born in South Amboy in humble circumstances but of distinguished family. His mother's grandfather, James Crawford Thom, native of Scotland and sculptor, did the carvings on New York's Trinity Church. Her father, of the same name, was an artist. The sketches with which Harold Hoffman's motor vehicle reports were illustrated are evidences of the inheritance of some of this talent. His father, of Swedish and Dutch origin, was consecutively telegraph operator, railroad section superintendent, and chief of the county detective force.

Front Line Fighter

At the age of twelve Harold Hoffman was contributing a column of fishing and waterfront news to his local paper. In his 'teens he was South Amboy correspondent for city newspapers. After graduation from high school he became a reporter, then sports editor, of the Perth Amboy Evening News. He was a captain in the front lines at the age of twentyone. At twenty-three he was, and still is, treasurer of the South Amboy Trust Company, which survived the depressions of 1921 and 1929.

Later he also became president of the Mid-State Title Guaranty and Mortgage Company, treasurer of the National Realty and Investment Corporation, and head of a real estate business. Colleagues in the banking profession have honored him with the presidency of the Middlesex County Bankers' Association and of Group No. 1 of the New Jersey Bankers' Association, which also selected him as chairman of its legislative committee.

South Amboy made him city treasurer at twenty-five. Two years later he went to the lower house of the New Jersey Legislature. Mayor of South Amboy at twenty-eight, he tightened up the finances and the services of this waterfront town of 8,000 persons, situated across the

(Continued on page 63)



TRIPLE PLAY

Roosevelt to newspaper correspondent to newspaper reader—no President has everorganized his press conferences so successfully, or presented his case so convincingly.

TELLING THE WORLD

BY RAYMOND CLAPPER

A vast corps of trained publicity men, aided by Cabinet members and bureau heads, spread the doctrines of the New Deal. Can you believe what you read and hear? Is it propaganda or honest news?

The rise of executive domination in spite of rigid constitutional restrictions has been one of the most fundamental developments at Washington in the last two years.

Congress has been trained promptly to sign on the dotted line, and now the Supreme Court feels the pressure of unseen forces. When fear developed that it might upset the gold devaluation action, mysterious reports—disayowed at the White House

—began to circulate that Congress could increase the size of the Court and thus open the way for an alteration in its complexion.

Stock exchanges have been brought under control of an executive commission. Holding companies will be similarly controlled soon. Radio operates under short-term licenses issued by an executive commission. The fact that these licenses must be renewed frequently keeps radio

pretty much under the thumb of the communications commission. Both of the large broadcasting chains maintain representatives at Washington, one of whose major duties is to cultivate the goodwill of commissioners and rub official fur the right way.

This leaves the press as one of the few things left in this country that is free. Some are fearful that it will not remain so. Any number of publishers will say that they believe an



The President has won the people by his fireside talks on the radio.

attempt at government control of the press is just around the corner.

Such fears do not seem justified. The Administration approach to the press is different. It is based not on compulsion but on charm. In dealing with the press, Washington stoops to conquer. Where the club has been used on stock-exchanges, where strong-armed leadership has been used on Congress, where the power of license control has had its subtle effect in keeping radio close to official skirts, the press is handled with open arms, cordiality, and service.

In all of this President Roosevelt has only reflected and sharpened the public will, which unquestionably has favored giving the executive full sweep to operate unimpeded. Public sentiment favored bringing stock exchanges under control. Federal regulation of radio arose some years ago out of the fact that space in the



Henry Wallace talks learnedly on agriculture and many other subjects.

air was limited and that traffic must be restricted. Similarly the tradition of a free press is deep in America. That alone would prevent a President as astute as Mr. Roosevelt from tampering with it, even though some of his headstrong subordinates might think otherwise. More than that, why attempt a censorship when better results can be obtained by a friendly approach? Those two factors make fears over the freedom of the press appear groundless.

President Roosevelt has shown a good deal of genius in handling the press. It always has been a problem. Mr. Hoover once said that no President would please the press until after he was dead. This Administration has made such elaborate efforts to please that there has been agitation for a Congressional investigation of its propaganda activities.

Meantime it may not be presumptuous for a veteran worker in the vineyard, an active newspaper correspondent who has served seventeen years at Washington under five Administrations, to venture some information and a few observations concerning the conditions under which the public obtains news about national affairs.

Organized Publicity

The Roosevelt Administration has built a vast publicity organization, spreading throughout practically every department and agency in the government. Official press offices have existed for years in Washington, but never before has the machinery been built up systematically in every corner of the capital. It constitutes a larger force of press agents than ever before had been assembled under any auspices, public or private, anywhere in the world.

This force numbers about 100 men and women. Practically all are graduates from the ranks of newspaper reporting. When assistants, secretaries, mimeograph operators, messengers and other incidental helpers are counted in, the actual number of persons in the Government engaged in publicity and propaganda work probably exceeds 300.

In the Department of Agriculture about twenty professional publicity men, not counting secretarial assistants, are maintained. The National Recovery Administration and the Federal Housing Administration have staffs of similar size. One or more will be found functioning at each of the various federal commissions, at the offices of the Foreign Trade Adviser, the Petroleum Administration Board, the Securities and Exchange Commission, the Farm Credit Administration, the Federal Alcohol Control



Mrs. Roosevelt, too, is no stranger to the family of radio listeners.

Administration, and every similar agency.

Practically all are former Washington newspaper men. Some of them were stars. Some have been managing editors. They know the newspaper man and his psychology. They know how he works and what he wants. They have known many of the present Washington newspaper men for years. All this is an advantage, as has been demonstrated on a few occasions when some of the agencies imported high-pressure professional publicity men. Almost invariably these men have failed and passed out of the picture, because they did not understand how the Washington correspondent works.

The Administration showed farsighted judgment in selecting this force of newspaper men. A good deal of the credit is due to Stephen T. Early, press secretary at the White House, himself a former Associated Press reporter in Washington. He took some of the men direct from newspaper jobs. Most of them, however, had lost their jobs due to depression economies, closing-down of their newspapers, or changes of management. Sometimes places were created to give work to unemployed newspaper men. The salaries are not large in many instances, and usually less than the men had earned in private employment.

Press Conferences

Mr. Roosevelt himself sets the key for the attitude of his Administration toward the press. His semi-weekly press conferences have been a constant source of a vast amount of news and guidance as to what the Administration intended to do. Attendance grows instead of diminishes. These



Jim Farley tells the little ones about the good Democratic Santa Claus.

conferences probably have become the most important force in Washington for moulding public opinion. At the end of two years the relations between Mr. Roosevelt and the Washington reporters continue cordial. That is unprecedented. Most Presidents, no matter how strongly they resolve at the outset to be openhanded with the press—and therefore with the public—succumb eventually to the enfolding isolation which life in the White House and the prestige of the office encourage.

It is the result not only of Mr. Roosevelt's gift of pleasing persons with whom he talks, but of his insistence upon keeping an open path to the heart of the voter. He does some of this through his occasional fireside radio talks. Mostly it is done through his twice-a-week meetings with the press. The President believes strongly in the goldfish-bowl theory, that to be effective in public life one must keep the public interested, informed, and sympathetic. He believes the Administration must sell itself to the public not only once but continuously. Newspapers constitute his day-to-day medium for this. It should be remarked, for it is an extremely important point, that perhaps 90 per cent of the information which Mr. Roosevelt gives out at these newspaper conferences may be directly attributed to him. He takes responsibility for what is said. Propaganda becomes vicious when its source is concealed.

In contrast, part of Herbert Hoover's difficulties was due to his inability to follow this practice. He made a brave start; but soon his press conferences, proving barren of information, dwindled in attendance and finally were discontinued. Mr. Hoover had a strong secrecy complex and was inclined to push the public

back out of earshot. He did not feel able to take the public—through its press representatives in Washington—very much into his confidence.

On the other hand, Mr. Roosevelt expends great patience and care on this task of enlightening the public as to what he is doing. The night after he was inaugurated, when the whole banking structure of the country had crashed, he demonstrated his genius in this regard.

Holiday, Please!

At that time I was chief of the United Press bureau in Washington. Early that Sunday evening I received a telephone call to go to the White House. Heads of other news services received similar requests. We gathered in the oval room where Mr. Roosevelt had spent the day working on his bank-holiday order. With him were Attorney General Cummings and a number of other officials who had assisted in preparing for this move. Mr. Roosevelt had in his hand the penciled draft of his executive order. He read it over to us and explained its principal provisions. He asked us to put any questions that were in our minds. After a halfhour's discussion, we were instructed to permit nothing to go out of Washington until the official signal was given, which came toward midnight. Meantime, however, we had opportunity to prepare carefully thoughtout dispatches.

Mr. Roosevelt made one request of us that night which revealed his insight into public psychology. He



Donald Richberg soothes the business man's fear of the New Deal.

asked us as a public service if we would mind calling the bank closing a bank holiday rather than a moratorium. The latter term would have had a dark and forbidding connotation. To call it a holiday carried a brighter, more hopeful atmosphere. It was a small thing, but who knows how much it had to do with easing the country's state of nerves and setting it facing about with new courage and hope?

That request was an instance of propaganda. It was generally complied with, and few would question the desirability of so complying. The same technique could be used for ends which might not be so univer-

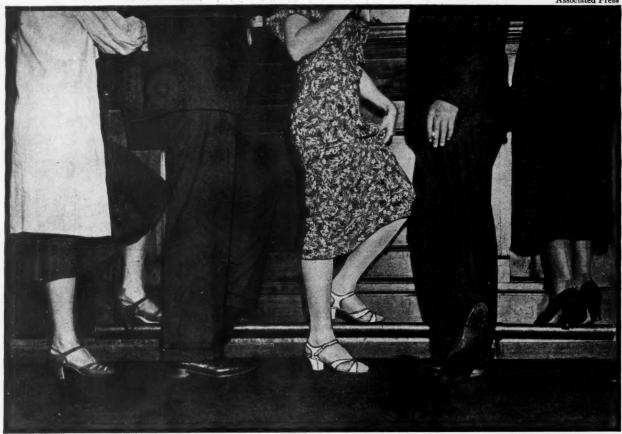
(Continued on page 67)



George A. Douglas

PLEASED

The fireside group is delighted and flattered to have so many political headliners confide in them over the radio.



REPEAL HAS ITS HEADACHES

BY JO CHAMBERLIN

Our old friend and family blacksheep, the bootlegger, is still with us, and he sells at least half the liquor consumed in the land. Lowering the liquor taxes would help get rid of him.

When repeal came in fifteen months ago, the bootlegger was to be booted out of business, good liquor was to flow pleasantly down thirsty gullets, and a billion dollars was to jingle into the public till. Not one of these things has happened.

At least half the liquor sold today is produced and sold illegally. Some say three-quarters. After four years of hard times most of our countrymen could not afford to buy the best liquor, and what hard times didn't do, high taxes did. The legislators had talked glibly of the billion dollars in revenue

and forgot that they were dealing with a social as well as an economic problem. A half billion dollars in state and federal revenues did come in during 1934, but another half-billion was lost forever through legislative short-sightedness. And our old friend, the bootlegger, is still with us, not in haloed alcoholic memory but very much in the flesh.

These facts, verified by common observation, would be discouraging were it not for the fact that repeal, in loosening the bonds of freedom, has brought in an era of more moderate

drinking. The country has not gone off on a grand, perpetual bust.

It is not surprising that the bootleggers are still on hand. They decided that if people were wrong in 1918 when they buried the "liquor traffic" forever, they might be just as wrong in 1933 when they buried the bootlegger forever. Furthermore, after fifteen years the former leg-men and strong-arm boys were able to do little else. Industry was not ready to furnish jobs for all of them, so they stuck around, waiting, like Mr. Micawber, for something to turn up.

They soon found that business was about as usual, with a few changes dictated by the new regime. Tony's gin mill became Ye Olde English Inne, although the early American cuspidors were allowed to stay where they were. In place of the familiar copy of Lincoln's liquor permit over the bar, appeared a new permit signed by the state governor. The curtain was pulled up in the front window, and in the back room where newspapermen and other rum-pots were wont to gather, the air was changed for the first time in fifteen years. But the stuff passed across the bar and out the back door was just about the same, fancy labels and all.

A Fool's Paradise

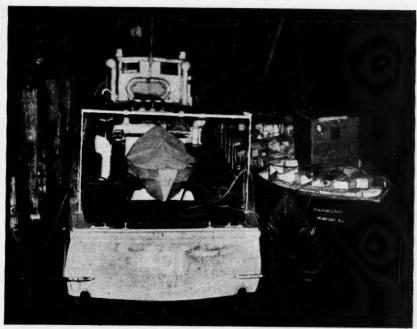
Consequently, Joseph H. Choate, director of the Federal Alcohol Control Administration, says that as far as liquor is concerned "we are living in a fool's paradise" and that today the government is getting revenue on but half the hard liquor consumed in the United States. Private investigators say 60 or 75 per cent of spirits sold are beyond the law.

There is just as much counterfeiting of labels, illicit cutting, refilling, and all the rest as there ever was. The distressing thing is that cheap clubs, taverns and hotels are also palming off flavored alky now as good liquor. It is being sold to just about everybody, including people who can't tell the difference between good liquor and mediocre, those who can't afford the best, and confirmed guzzlers who don't care what they drink so long as it has a wallop.

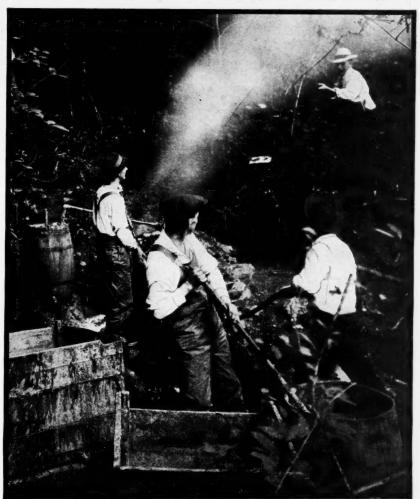
The reasons for this state of affairs are not far to seek. In the first instance, there wasn't enough bonded liquor on hand to give everybody one good drink in 1933. Several years will be required before good stocks can be built up. The government, intent on using foreign imports as a club for tariff concessions, practically shut out foreign spirits. The duty on imported liquors, \$5 per gallon, plus the federal excise tax of \$2 and the state excise tax of \$1 makes the cost so high that only the well-to-do can afford them.

Domestic taxes are also too high—higher than the traffic will bear. What clerk working for thirty dollars a week will spend a day's pay for a quart of legal rye when he can go around the corner and get a gallon of bootleg for the same money? The federal tax on domestic hard liquor is \$2 a gallon, whereas it was \$1.10 before. In addition to this most states slap on a \$1 excise tax.

The illicit domestic distiller will thus save at least three dollars per gallon in taxes—enough to make



SMUGGLED Repeal has not seemed to bother the rum-runners.
The "Harmony" was captured recently off Cape Cod.



Ewing Galloway

MOONSHINE

Illicit distillers are at work in city, town and country. Uncle Sam's officers can't catch all of them.

Ewing Galloway



The government is disappointed in liquor revenues. High taxes result in but half the country's liquor being sold legitimately.



R. I. Nesmith

MORE

Beer has escaped bootlegging because the margin of profit is small. 1934 federal beer taxes were more than 230 million.

bootlegging pay. He can afford to invest \$10,000 in a still turning out 1,000 proof gallons per day, and let the revenue forces confiscate it after two weeks of operation—for he has at least doubled his money!

The smuggler will save the two domestic taxes plus the \$5 per gallon import duty—profiting him upwards of twenty dollars per case on liquor which costs him originally about \$10 abroad. And if he cuts it himself, this good liquor from Canada or Great Britain will triple or quadruple his profits before it finally gets to the customer. It does not take many cargoes to net him thousands of dollars—even after the usual protection handouts are included in his overhead.

Fun on Rum Row

Not only is there smuggling along the Atlantic coast, but there is smuggling going on between states, from wet to dry and from dry to wet, wherever a dollar is to be gained by so doing. Rum Row along the Atlantic seaboard has changed in but one respect. In prohibition days, the small boats went out to the big ones, handed over their cash and then scooted for the shore. Today, the larger ship lands the whole cargo at a prearranged spot.

Coast Guard officials put the annual smuggling loss at 60 million dollars and say that smuggling has been gaining since March. As a result the Coast Guard will get 4 million more for expenses this year than last. The seizures these days are much larger, and what is most surprising is that up and coming New Jersey operators are still smuggling liquor occasionally into Canada!

Legal distributors are required to pay substantial sums for licenses, permits, and the like, which margin also helps the bootlegger along. Not only are heavy fees demanded but the industry is surrounded by countless and often conflicting regulations. For example, some states have monopolies and others don't. In some it is illegal to drink at bars; in others perfectly proper. In Oregon the consumer must pay a dollar for an individual drinking permit, or he can't imbibe—according to law, anyway. "Many of the states," says Mr. Choate, "have devised laws which would prove practicable in a community of saints.

In Iowa, a state censor may decide that you don't know how much you can hold and so refuses to sell you a drop. In Connecticut you have to buy a pint at a time or none at all. Minnesota is wet but requires the State Board of Education to give

(Continued on page 76)

PROGRESS LEADS TO SOCIALISM?

BY BROADUS MITCHELL

Scientific research, by increasing production and thus lowering prices, makes our present economic system impossible. Here are the views of Maryland's latest Socialist candidate for Governor.

It is often said, even in these times of depression when conservatives talk less, that the universities and colleges are trying to undermine the established economic system.

This charge is entirely accurate.

The trouble with the statement is that it is not through tolerance of "radical" opinions in teachers and students that the institutions of learning are hostile to private capitalism. The opposition lies in the carrying out of their routine work.

Science and learning are at war with scarcity and waste, and thus are cutting the props from under the competitive, price-and-profit method of production and distribution of wealth. It is a fine piece of irony that those who believe they are upholding traditional economic devices—for the colleges and universities are predominantly orthodox—are really the instruments for throwing them down.

The reason for this paradox is simple. Applied knowledge, coupled with the incessant human drive after the easier and more abundant satisfaction of material wants, abolishes scarcity. The acquisitive economic system finds its inspiration in and is nourished upon a social deficit. Men grab for themselves when there is too little to go round. They build up elaborate rules governing this game of grab, and sanctioning the private claims which grow out of it. These incentives are no longer important and these rules tend to disappear when deficit changes to surplus.

The Power Age

The laboratory scientist, engineer, physician, psychiatrist, economist, the student of government and many others who have their base in the universities are contributing actively to facility in production and saving in the use of goods and services. They have given us "the power age". And

power, by ending scarcity, ends the profits which are squeezed from a price system.

Nearly everything, by the cleverness of these people, is becoming
more plentiful. Where nature is
grudging, they discover substitutes.
They organize our social institutions
to operate with less friction, they
diminish losses from sickness and
early mortality; by raising the standard of living and improving the general intelligence, they cut down the
rate of population increase. That is
to say, they add to output, and they
make the added output go farther.

When we produce more and more with greater and greater ease, values fall. This takes the form, in the market-place, of falling prices, and falling prices play the devil with our economic system because they threaten all of the claims and "rights" built upon higher prices. Strange as it seems, under a price system abundance will not pay debts owing to scarcity. The narrow, mean, niggardly, grasping economic system which belonged to the era of too little may shout itself hoarse, but it cannot make the hydro plant behave.

Cramping Production

It is true that the university experts who have been called to govern in Washington are doing their level best to cramp the means of production which they themselves have been chiefly responsible for creating. They restrict the installation of new mechanical equipment, they pay farmers -with consumers' money-not to raise wheat and cotton and pork. It is true that with their approval of economic nationalism and their building of battleships they invite war, which is the greatest destroyer of their handiwork. But in spite of everything, their construction is greater than their wastage, and they

have got soon to cry quits in their battle against themselves.

The answer seems to me plain. The universities ought to acknowledge that they have made a new efficiency which, without their intending it, has put the old scarcity with all of its sanctions in the discard, and that they will henceforth resolve to help America to enjoy abundance. This would lift the curse from us, and permit us to forget anxiety and pauperism. We would be able to work steadily, yet have more leisure than we have ever known, for instead of trying to make private profit from keeping the public on short rations, we should find individual freedom in general betterment.

The Sharing of Wealth

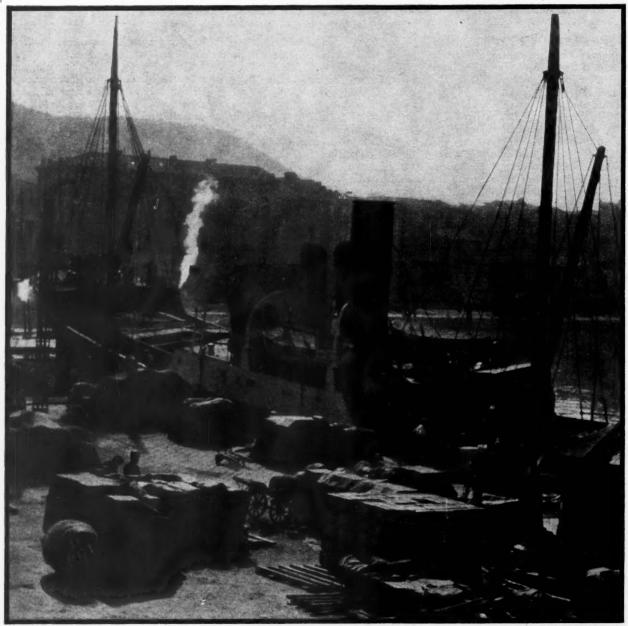
America will give a hand to the first educational institution which steps forward and declares: "We propose to work, with our classrooms, libraries, and laboratories, for the fullest use of the natural resources and human ingenuities of this country. This means the formulation of a deliberate plan for the production and sharing of wealth. But in order to have a plan, organized society must have unhampered control over the most important agencies of produc-This requires the common ownership of natural resources and mechanical equipment, and their operation not for the profit of the few but for the use of the many"

This is the only aim which is worthy of educated human beings. When some institution has the wit and the courage to espouse it, the desperate and stupid opportunism of the New Deal contrivers will be visited with the reproach which they deserve. It will be seen that Tantalus need neither drown nor starve, but that his spell can be broken, and the wicked gods who torture him can be driven from Olympus.

CIVIL WAR IN FRANCE?

BY ROGER SHAW

The French republic is a boiling cauldron whose simmering has an ominous sound in the ears of observers, as right glares at left.



H. Armstrong Roberts

FOREIGN TRADE

Franco-American business has declined since 1929, but there is still an exchange of commodities totalling 174 millions annually. Above is pictured the port of Nice.

RANCE IS the traditional land of liberty, equality, fraternity. These principles of justice and toleration, first enunciated in our Declaration of Independence and in her Declaration of the Rights of Man, have to date weathered the dictatorial storm which has swept Europe since the Bolshevist coup of 1917. Germany is nazi. Italy is fascist. Austria, Hungary, Jugoslavia, Bulgaria, and other lands are regimented by omniscient boss-gods who have evolved philosophical bases for their strong-arm cults. Meanwhile, the most nationalistic country in Europe has adhered to her liberal ideals. Extreme devotion to the fatherland-la patrie-seems to belong to France by natural right. In Italy and Germany, by contrast, the whipped-up patriotism of the citizenry is perhaps synthetic.

"If I can obtain a deflation of egotism and a deflation of pessimism," says Pierre-Etienne Flandin, French premier, "I believe France will win through. She must believe in herself instead of doubting, discipline herself instead of dispersing her strength in factions, be enterprising instead of smug, and act instead of speaking".

A Popular Burgundian

Flandin hails from the department of the Yonne in Burgundy, is mayor of the little village of Cure, and at 45 is the youngest of all French premiers to date. He is more liberal than was Doumergue, and advocates reforms that are economic rather than political. Father of four children, he is prolific indeed for a twentiethcentury Frenchman. Popular, he is hailed as a good fellow.

Pierre advocates a modified French NRA for the regeneration of his country, as he greatly admires President Roosevelt. He does not favor price-fixing or minimum-wages, but wishes industry to be rationalized as it was in Germany. Anxious to prevent over-production, he is against vast trusts and backs professional syndicates of producers within each business, favoring industrial self-government by majority vote. Majority decisions would be obligatory by approval of the government. Herein lie the essentials of the American code system, but Flandin appears definitely to prefer lesser business to big business. Doubtless he is aware that the American NRA has been accused of abetting the big fellows.

The French premier believes, in short, in free trade, a balanced budget, cleansing of the judiciary, and good relations with Germany and Italy. He is against inflation.

Franco-American trade is an important factor in the economies of

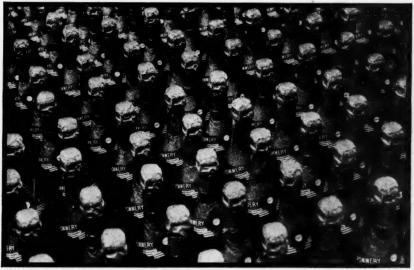
both countries. Although imports and exports have decreased since the American depression of 1929 in a material fashion, there is still much to record commercially. During 1932, for example, France sent the following products to the United States: cotton fabrics worth \$5,148,000; wool fabrics worth \$1,511,000; silk and rayon worth \$2,610,000; paper and cardboard worth \$3,893,000; hides worth \$2,072,000. In the same year America sent to France: wheat worth \$5,648,000; fruits and nuts worth \$6,-208,000; tobacco worth \$5,786,000; cotton worth \$29,867,000; mineral oils worth \$25,431,000; automobiles and parts worth \$2,878,000. In 1934, French foreign trade fell off nearly

\$40,000,000 for many varied reasons. France gained the iron mines of Lorraine as a result of the war, and her heavy industries are well developed. She has had an international market for military munitions, selling freely to South America, the Far East, and her own allies of the Little Entente. The influence, propaganda, and prestige of the Comite des Forges, chief metallurgical cartel of 250 companies, have been enormous in and

panies, have been enormous in and out of politics; and the north and east are extensively industrialized. Schneider-Creusot in Burgundy is perhaps no worse than other members of the widespread munitions racket, but this firm has met with a special condemnation in the investigations and pub-



The 1934 basket presented to the President of France at the annual grape fete in that gay Montmartre, Paris.



RHEIMS Famous for its cathedral, but even more so for its sparkling champagnes and champagne cellars of worldwide renown.



Gaston Doumergue, French coalition premier who preceded Flandin.



Marcel Cachin, Communist leader, and power in the Marxist front.

licity of 1934-35. It controls 182 subsidiaries manufacturing war supplies, and has international affiliations.

France is predominantly a land of sturdy, self-respecting peasant proprietors who love their ancestral homes. She has well over 3 million owners of farms below 25 acres, and perhaps a million of these have "estates" of less than 21/2 acres. Most of the large French holdings were subdivided into small allotments as a result of the revolution in 1789. Market gardening is an important industry in the vicinity of Paris, and a high percentage of the total French acreage is put into practical use by thrifty natives. Perhaps a quarter of all France is under cereal crops, and in the northern sections beet-sugar is a notable product.

Rare and valuable wines rank importantly among French exports to other countries, as do Paris gowns, laces, and lingerie, luxury goods, and artistic knicknacks. France manufactures a variety of automobiles and airplanes, such as Citroen, Peugeot, Delage, and Hispano-Suiza among the motors, and Nieuport, Bleriot, Breguet, and Farman in the plane line. Her engineers and mechanics are famed for their skill. There is a motor-car, roughly, to every thirty Frenchmen—while Germany has one car to every 500 inhabitants. Andre Citroen, who recently failed in business, has been ultra-fordlike in his mass-production manufacturing methods. France has, too, a well-developed merchant marine of transatlantic liners, and skilful Breton sailors to man them. Cuisine and cookery are fine arts between the Rhine, the Alps, and the Pyrenees. Frenchmen enjoy good living, sprightly talk, and leisure time.

There are innumerable political parties in France, but these may be

conveniently forgotten in favor of four large groups. The extreme right is fascist or monarchist, made up of anti-semitic students, war veterans, and romantic intellectuals. It comprises such organizations as the Action Francaise, Jeunesses Patriotes, Solidarite Française, and Croix de Feu. It has such able leaders as Daudet, Maurras, Jouvenal, and Rocque, who are in more or less accord. This group favors direct action by force, a corporative economic state like that of Mussolini, and dictatorship. It is religious in the old traditionalist sense.

The right-center represents big business and heavy industry, including the famous steel trust, or Comite des Forges. It is, in the main, republican and parliamentary; and has such leaders as Tardieu, Flandin, Dou-mergue, and Martin. It corresponds roughly to Pittsburgh Republicans or English Conservatives.

Political Peasants

The powerful French Radicals, who are left-center, are also republican and parliamentary. Under Herriot, Daladier, and Chautemps, they represent the petty bourgeois: peasant proprietors and small business men. They are especially strong in the south, and correspond roughly to oldfashioned Southern Democrats or English Liberals. They consider themselves the special guardians of the French republic, and the heirs of the French revolution. The right-center, with its armament interests, is bellicose; but the left-center is inclined to be pacifist. The Radical party ranks include many freemasons of the Grand Orient lodges.

The extreme left now consists of a united front of Socialists and Com-



A mass demonstration of the French Marxist front, which is well armed and organized against fascists and monarchists.



Edouard Herriot, former premier, left-center chieftain, and Radical.

munists who are determined to combat fascism to the death. This Marxist front is led by Blum and Cachin, and is extremely strong at least on paper. Many of its members are husky veterans and stern doctrinaires steeped in the red tradition. They especially detest the extreme right, and it is between the fascists and the Marxist front that the danger of civil war lies. Both sets of extremists are heavily armed, and the Austrian and Spanish struggles should not be forgotten.

Roughhouse Tactics

On Armistice Day, 1934, the right and left held huge mass meetings at which the World War was completely forgotten. Well over 100,000 fascists and monarchists marched and demonstrated around the tomb of the Unknown Soldier with a great display of tricolor flags. The Marxists had approximately as many, waving red flags and singing the International, collected in a working district. Disinterested observers claimed that the fascists looked more effective and better disciplined than the Marxists, who were "a rather brutal, lugubrious crowd". But where there is smoke, there is fire. The whole event resembled a double dress-rehearsal before an enactment of Dante's Inferno. Orderly Frenchmen, who dislike fascists and Marxists equally, shivered in their shoes. As in Germany, they would be the ones to suffer most.

The Flandin cabinet contains representatives, widely distributed, of right-center and left-center. Extreme right and extreme left—the trouble-makers—are excluded.

The French have had their ups and downs through the centuries, accompanied by bewildering changes of government. Under Louis XIV and the first Napoleon they saw moments of inflated greatness. Their revolutionary Jacobins were the terror of conservative Europe, and the progressive convulsions of 1830 and 1848 found birth in Paris. The Parisian Commune of 1871 blazed the way for communist Russia, and at the Marne a taxicab army of whiskered poilus—according to certain critics—saved the western world from "blond beasts".

Here is the most cultured and certainly the most self-respecting country overseas, admired and even beloved, yet seething with domestic discontent of undetermined proportions. Whither France?

Before the World War, in the period between 1871 and 1914, France sank virtually to a second-rate power. An alliance with Czarist Russia, lasting from 1892 till 1917, was intended to bolster her position against Hohenzollern Germany. But France emerged after Armageddon extremely strong, with the best army in existence, the leading air fleet, and a high-ranking navy. Having lost Russia by revolution, she made alliances with Poland and the Little Entente of Czechoslovakia, Rumania, and Jugoslavia.

Erstwhile Prosperity

There was comparatively little unemployment in France, while Germany, England, and later America were floundering in depression. A large share of the gold supply was safely locked into French coffers. Not since 1810, under Napoleon at his zenith, had France enjoyed such prosperity and prominence. Territorially she had gained Alsace-Lorraine and German colonies in Africa. Financially she was profiting comfortably through the payment of German war repara-

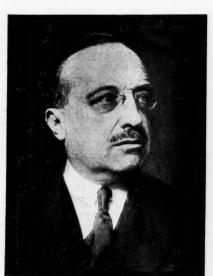
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Pierre-Etienne Flandin, French coalition premier since November.



Colonel De La Rocque, war veteran and leader of the Croix de Feu.



Andre Tardieu, former premier, and right-center man of influence.



RIGHT Here is a marching group from one of the French fascist organizations, the sworn enemies of French Marxist groups.

THE MARCH OF MINDS AND EVENTS

Recovery in the Ozarks

IN MY HOME county the relief agency hired a little girl scarcely out of high school, young, single, with no dependents, from a comfortable home, and paid her \$125 a month to ride over the hills of Stone County to teach the kids out in the sticks how to play.

They hired another fine little woman, the wife of a professional man who needed not the position, and paid her \$127.50 per month to teach the good old country housewives out in the hills how to make soap.

In two other counties in my district the "new dealers" have employed three men at good salaries to roam over the hills hunting for Indian mounds.

In another county of my district able-bodied men and women were hired at \$2.10 per day to make rag dolls—in order to have industrial recovery!

In another county a bedbug inspector was employed to inspect the mattresses which the relief agencies dealt out, while in another county the Government employed a bunch of old maids to teach the mothers of the Ozark Hills how to pin diapers on their babies!

—Dewey Short, Congressman (Rep.) from Missouri

Insurance Aid

WILL THE socialization program of the federal government be an aid to life insurance generally, group insurance in particular, or will it compete to such an extent as to conflict in any way?

The question was asked of Thomas I. Parkinson, president of Equitable Life, by the Chicago Journal of Commerce.

Mr. Parkinson says, emphatically, that insurance will be aided. He goes back to 1917 for experience.

Just as the business of life insurance received tremendous impetus from the successful efforts of the government to provide a sizable amount of insurance on the lives of all called to arms through the creation and development of the War Risk Bureau, so do I believe that social insurance agitation forwarded by President Franklin D. Roosevelt, and his official

associates, will result in renewed appreciation and great stimulation of life insurance activities, both individual and group.

Equitable's president reminds us that premiums for individual insurance are paid by men and women who do not seek charity; and that this kind of insurance bulks large as capital. Without such capital, relief in some form is necessary. So along come those who seek charity, also the improvident, the incompetent, the unfortunate. These are not the group served by life insurance.

Their relief, however, even on a basis of mere subsistence, represents a heavy bill for the taxpayers. Mr. Parkinson's experience as head of one of the great life insurance companies entitles him to a respectful hearing when he warns that government relief will defeat itself if attempt is made to carry the amount beyond subsistence figures.

The Farmer Buys

MERCHANDISE sales in rural sections and small towns jumped 21 per cent last year, says the Department of Commerce, which sees all, hears all, and floods the mails with press releases. December sales, daily average, were 20 per cent better than a year ago and 59 per cent better than two years ago. Mr. Roper's boys say that improved farm income did the trick.

This improved farm income was largely due to the fact that more cotton, hogs, corn and wheat were not being raised than ever before. In fact the neighboring Department of Agriculture tells the world that the farmer's 1934 income was 645 millions larger because of things he had to sell, and that 556 other millions came to him in "benefits" for things he did not sell.

Laws in the Making

At Washington the third Congress session since the launching of the New Deal is perhaps a third of the way through its life-span. But no important piece of legislation will have been completed when these paragraphs are read. Here are some history-making bills:

Work Relief. Appropriating \$4,-880,000,000 and vesting in the President the authority to spend it virtually as he pleases. An Administration measure. Passed the House on January 24.

NIRA Extension. The original law expires in June. This is an Administration measure, nearly ready for Congress in mid-February. To provide self-government of business; with full codes for industries that want them and limited codes—minimum wages and maximum hours—for others.

Public Utility Holding Companies. Declared not to be an Administration measure, though approved at the White House and introduced in duplicate in both Senate and House. Companies which do business across state lines, or use the mails to sell securities or promote sales, are to be registered with the Securities and Exchange commission and subjected to certain restrictions. Divestment of holdings and property may be required by the Commission if "without public advantage"; or it may even require dissolution or reorganization of companies "where necessary". Provides for gradual but early end of utility holding companies.

Banking. An Administration bill, sent in duplicate to Senate and House. Centralizes power in the Federal Reserve Board at the expense of the twelve regional Reserve Banks. Repeals collateral requirements for Federal Reserve Notes. Permits national banks to make twenty-year loans, amortized, on real estate up to 75 per cent of the property's value. Also amends details of the deposit insurance law, retaining \$5,000 as the maximum deposit wholly insured.

Social Security. The Wagner-Lewis bill seeks to embody Roosevelt promises. Provides federal aid for oldage pensions, and unemployment insurance. Retirement feature provides an actuarial system, with contributions by employer and employee.

Left and Right

THOSE in the New Deal who are known to favor recovery immediately, before anything else, are known as the "right wing".

Those who seek rather to take advantage of the depression, and who are not concerned about its continuance until what they conceive as fundamental reforms in our Ameri-

can commonwealth can be brought about, are known as the "left wing".

—Frederick R. Lehlbach,

Member of Congress

The gentleman from New Jersey is commenting upon the Work Relief bill, which gives the President \$4,880,-000,000 "with which to do anything he pleases". He quotes its four stated purposes:

"Providing relief". Surely, said he. "Alleviating distress". Certainly.

"Relieving economic adjustments". This is left-wing stuff, he declares; nothing to do with speedy recovery.

"Improving living and working conditions". Aha! The nigger in the woodpile. We quote Representative Lehlbach further:

The President can condemn and buy every coal mine in the country, and run it as a Government owned and operated industry. He can do the same thing to piano factories. He can prescribe working relations between the Government and employees on those building projects. He can regulate the relationship between employees and employers in any and all private industries. He can make rules and regulations that will enable him to throw into jail any labor leader who seeks to modify the regulations.

There is no power that Stalin, Mussolini, or Hitler have exercised that is not contained in that resolution.

The answer of the proponents of this legislation is that the President has no intention of using this power in any such fashion at all. If that is the answer they give, then why put such power in this resolution?

And the gentleman from New Jersey is not the only one who would like to know the answer.

Away with One Code!

THE ONLY position for publishers, editors, and writers to take is that ... when the NIRA expires in June they will ask for no code and accept none.

They ought to remove the Blue Eagle from their publications because the right to publish is guaranteed by the Constitution. No license, no decoration, no official stamp of any kind is necessary, desirable, or consistent with the American tradition of the freedom of the press.

-WALTER LIPPMANN

This freedom of the press—by which the journalist Lippmann means books, magazines, and newspapers—is too important a thing to be dealt with on the notion that intelligent and well-intentioned men happen at the moment to be in power in Wash-

ington. "It has to be guarded," he says, "as the most sacred part of our heritage, and the foundation of all our other liberties."

Some time or other, he predicts, in the midst of a crisis not now foreseen, attempts will be made to destroy the freedom of the press. And if ever that attempt is made the present codes will furnish both the means to do it and the precedent. Would one have dreamed of a Goebbels in Germany two years ago?

Publishers ask no favors and accept no favors. But Mr. Lippmann holds that when publishers, editors, and writers yield to the principle that a government authority may regulate



By Elderman, in the Washington "Post"

The Light Brigade

hours, wages, their relations with one another, their costs and methods, then an evil precedent has been set.

Japanese Flivver

American motormakers were puzzled rather than worried at cabled accounts of a new Japanese automobile operated by powerful springs instead of gasoline. One winding, at a centrally located station, was supposed to propel the baby car 250 miles. Manhattan officials of Mitsui, Japan's largest commercial house inform us that the reports have nothing to back them up.

Already causing a stir in Eastern markets, however, is the Datsun, first motor car produced by the Japanese. It resembles the Austin, or what used to be known in Uncle Sam's backyard as cycle cars. Mitsubishi, next in size to Mitsui, is manufacturing 500 of them a month and selling them in Australia, China, Chile and elsewhere. A Datsun delivered in New York would have to sell, at present anyway, for over \$600. This would hardly enable it to compete with Ford, Chev-

rolet, Plymouth, or other standardsize cars.

No matter what you make or where you market it, the chances are that the Japanese with their low labor costs and up-to-the-minute machinery can undersell you—if you don't watch your step. The latest economic headache is to be found in Germany, where ambitious Nipponese sell bottled beer for less than German brewers pay for empty bottles.

Utility Rates

NEW YORK CITY'S municipally owned ferry to Staten Island charges a 5cent fare. The ride costs perhaps 10 cents; no one cares or is able to figure exactly how much.

The Staten Islander is glad the ferry is city-owned. Taxpayers in the other four boroughs pay the extra nickel; but they don't know it and therefore don't object.

Mr. Wendell L. Willkie, not now in favor in high places because he is president of a public utility (the Commonwealth and Southern Corporation), tells us how the province of Ontario in Canada has been a shining example of government-owned utility.

Begun in 1918 and estimated to cost 25 million dollars, its Niagara Falls plant is now on the books at nearly 80 million.

Before it was built, power was delivered to Ontario at a cost of \$15 per horsepower-year. In 1933, with the new plant, the cost was \$30.

Indeed, power supplied in 1933 cost \$4,221,000 more than the Commission received for it. In the previous year there was a deficit of \$2,000,000. The Ontario taxpayer may not know it, but he will pay for these losses.

Originally the project was to be amortized, made free of debt, in thirty years. At the moment, thirty years after the founding of the Hydro Commission, it has liabilities of 226 million dollars against undepreciated assets of 283 millions.

Hamilton in Ontario is about the size of Chattanooga in Tennessee. A \$5,000 home in Chattanooga pays \$96.60 in taxes. A home of like value in Hamilton pays taxes of \$185. In Quebec, where there is private operation, taxes are comparable to those in Chattanooga.

Taxpayers in New York City (we add this as our own postscript, to remarks that are otherwise those of Mr. Willkie) may not be able to stop their impetuous Mayor. But they should have their eyes open when he asks for a small PWA loan, to establish a plant (1) for supplying light and power to city-owned buildings, and (2) to act as a club over the head of the Consolidated Gas Company.













BRAIN John A. Hartford, son of the founder of the great A. & P. chain of grocery and meat stores, and now its president.





HEART

From distributing centers like this one in Providence, go supplies to 15,131 stores in the coast-to-coast A. & P. chain.

ANALYZING THE CHAIN STORES

BY HOWARD FLORANCE

What do you get for your investment dollar if you buy shares in chain-store systems? A new yardstick is here applied to ten leading companies, each one a modern industrial giant.

ALL BUT ONE of eleven chains selected for this analysis report increased business for 1934. Five of them have enjoyed two consecutive years of rising sales. Every one of the eleven managed to show net earnings during each year of the great depression, and every one of them distributed dividends to shareholders without interruption.

Earlier articles in this series-on food companies, for example, and tobacco companies-had disclosed a commendable depression record; but never before have the pages been so spotless, so utterly devoid of red ink. These are consumer-goods industries, and the outstanding fact of the depression is that a hundred and twenty million Americans have continued to eat, drink, smoke, buy cosmetics, and wear clothing. No skyscrapers have been built, no hotels, apartment houses, suburban developments, or factories; but nickels and dimes and dollars pass over the counters of chain stores with almost as great velocity now as in historic 1929.

We Select Eleven

Our selection of eleven chain-store companies includes the very large ones, such as A. & P. and Woolworth, and several comparatively small ones. It embraces grocery, meat, novelty, apparel, shoe, and drug stores. As in previous articles, however, the companies are those in which the investing public is widely interested. Shares in all but one of these chains are bought and sold on the New York Stock Exchange; that remaining one, A. & P., is a leader on the New York Curb Exchange.

A single share of stock in each of the eleven companies would have cost a total sum of \$1,092 in 1929 (taking neither high nor low of that year, but a point midway between the extremes). It would have cost \$676 in 1930, \$544 in 1931, \$387 in 1932, \$455 in 1933, \$545 in 1934, and \$549 on the first day of February, 1935.

Dividends on the eleven shares would have aggregated \$23.37 in 1929, \$27.25 in 1930, \$27.40 in 1931, \$24.40 in 1932, \$21.75 in 1933, and \$26.40 in 1934. Where will you find another group of common stocks to

match this in stability?

Gifted with the ability to look backward, we discover that the investor paid \$1,092 in 1929 to get \$23.37 in dividends that year, plus what appeared to be a rosy future. Last month he had to pay only \$549 for \$26.40 in prospective annual dividends, plus demonstrated ability to weather the greatest economic storm this country ever experienced. At current market prices the investor buys slightly more dividends than in 1929 for half as much money.

A principal endeavor of this series of articles has been to weigh the relative cost of a share of stock in one company with shares of other companies within the same industry. Its six-year range embraces prosperity, depression, and recovery in more or less equal parts. We have sought to discover what the investor gets for his dollar, in the form of book value, gross earnings, net earnings, and dividends. But as the series progresses it offers opportunities to compare the investment value of one

industry with another.

For example, the analysis of eleven tobacco companies (January Review of Reviews) showed that at that moment a share of stock in each cost \$822 and would probably bring the investor \$45.15 in annual dividends -a price of \$18.20 for each dollar of dividends. A share of stock in ten oil companies (February Review of REVIEWS) cost \$278 and would bring \$8.60 in annual dividends at current rates-a price of \$32.32 for each dollar of dividend. A share of stock in the eleven chain-store companies analyzed in this present article, costing an aggregate of \$549 on February 1, carry a prospective annual dividend of \$26.40. This is a price of \$20.80 for each dollar of dividend.

The Gloomy Side

It has been the unwelcome function of retail stores to pay higher prices for merchandise-under NRA, AAA, and other phases of the New Dealand then to attempt to collect from the consumer. Preceding paragraphs have reflected a fairly satisfactory condition as respects net earnings and dividends, but sales per store show a decided falling-off that is not yet wholly checked.

Great Atlantic and Pacific Tea Company, oldest and largest of all the chains, averaged \$68,342 in 1929, in sales per store, and \$54,168 in 1933. F. W. Woolworth Company, oldest and largest of the variety chains, averaged \$166,053 per store in 1929 and \$138,316 in 1934. Woolworth has added more stores every year, but A. & P. closed 250 presumably profitless stores in 1932 and 200 more in 1933, with the record of 1934 not yet available though marked by a threat to close all Cleveland stores because of labor troubles.

A period of rising prices, such as that through which the country has been passing, usually can be counted upon to yield extra profits for concerns that carry heavy inventories; and these chains-A. & P. has 15,000 stores-certainly do carry large stocks of merchandise. But A. & P. turns over its inventory every 3 or 4 weeks, Woolworth every 6 or 7 weeks, so that the advantage of goods on hand during a period of slowly rising prices fades quickly. The inventory item with Woolworth amounted to 38 million dollars on December 31.

Census Bureau figures show that one-tenth of our retail stores are operated as links in chains. They handled 22 per cent of all the retail business of the country in 1929 and 25 per cent in 1933.

But more than half of the 7,000-odd chains operate two to five stores only; their founders are as yet merely potential rivals of those pioneering merchants, George H. Hartford, Frank W. Woolworth, and James Cash Penney. One-tenth of the chains operate half of the chain stores, and they handle two-fifths of the volume of sales.

Five groups alone—A. & P., Safeway, and Kroger among the food stores, Woolworth representing variety, and Penney selling apparel—took in \$1,764,500,000 in 1934. Their share in 1933 was \$1,718,500,000. Census Bureau estimates for that year are now available, showing total retail sales of 25 billion dollars. Five chains thus handle seven cents out of

every retail dollar that is spent in the United States.

Grocery chains capture 45 per cent of all retail grocery business, shoe chains 46 per cent of all shoe business, cigar chains 34 per cent, drug chains 25 per cent, women's apparel chains 23 per cent, men's stores 22 per cent, and the restaurant chains 15 per cent.

In the four years between 1929 and 1933, grocery chains lost a little ground to the independents, and radio chains lost materially. Shoe chains, combination grocery and meat chains, and cigar chains made decided gains.

Lower Costs

The Federal Trade Commission has rendered its chain-store report to Congress, after a six-year investigation undertaken by Senate resolution. It finds that the chief advantage of the chain store, over its competitors, is its lower selling price to consumers. This is due to (1) lower buying prices, (2) extensive use of

leader and loss-leader merchandise, (3) more extensive short-weighing in some localities on commodities sold by weight, (4) less service given to customers (5) lower wages paid in some localities, (6) elimination of most of the wholesale selling expense, (7) wider profit margin on especially manufactured private-brand merchandise, (8) profits from wholesaling operations, (9) ability to use effective newspaper advertising because of multiple outlets, and (10) ability to average its prices and profits in various localities.

A most effective means of meeting chain-store competition is found in organized coöperative buying, especially among independent grocery stores, but also in drugs and hardware. The Commission gathered data from 319 coöperative grocery associations in 1929, with a membership of 43,141 stores. A more up-to-date investigation, resulting in a commercial directory, indicates that there are 800 "voluntary chains" in the grocery field alone, with a membership in excess of 90,000 retailers. These are largely sponsored by wholesalers.

That Government inquiry failed to discover any agreements, conspiracies, or combinations in restraint of trade, and the records of the Commission disclose only three complaints of selling below cost to the injury of competitors.

Hurdles in the Path

Opposition to chain stores, resulting wholly from their success, comes from the independent storekeeper. It comes also from those who view with alarm the replacement of the local merchant, who often was the leading citizen of his community, by a manager moulded from a standard pattern, whose main ambition is to be transferred to a larger community or to a wider territory.

Opposition also finds an effective weapon in a state tax that is frankly discriminatory but nevertheless legal. A West Virginia law, for example, upheld by the Supreme Court in January, levies a nominal tax of \$2 upon a single store; but the tax is then graded upward until it reaches \$250 for every store that is part of a chain operating 75 or more stores within the state. A. & P. operates 198 stores in West Virginia, each of which is taxed approximately \$5 a week more than its individually owned neighbors. In Indiana the yearly tax reaches \$150 per store.

Very recently the chain store has found itself selected for attack by the labor organizer. This in some quarters is the darkest shadow facing managements, in an otherwise wholly satisfactory picture.

DIVIDENDS

	1929-1934 Average	1929	1930	1931	1932	1933	1934
First National	2.33	1.50	2.50	2.50	2.50	2.50	2.50
W. T. Grant	.92	.50	1.00	1.00	1.00	1.00	1.00
Great A. & P.	6.21	4.50	5.25	6.50	7.00	7.00	7.00
S. S. Kresge	1.07	1.07	1.60	1.60	.90	.45	.80
S. H. Kress*	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Kroger*	1.10	1.00	1.00	1.00	1.00	1.00	1.60
Melville Shoe	1.63	1.40	2.00	2.00	1.50	1.20	1.70
J. C. Penney	3.77	7.00	5.50	2.40	2.10	1.20	4.40
Safeway Stores	4.00	3.00	5.00	5.00	5.00	3.00	3.00
Walgreen Drug*	1.00	0.00				1.00	1.00
Woolworth	2.76	2.40	2.40	4.40	2.40	2.40	2.40
	25.79	23.37	27.25	27.40	24.40	21.75	26.40

THE INVESTOR is most interested in this table of dividends, and it makes cheerful reading. There were no reductions in 1934. The year 1931 proved to be the most prosperous for chain stores, due largely to Woolworth's distribution of non-recurring income. Compared with 1929, six of our eleven companies show a larger dividend in 1934; two show smaller dividends and three are at the same level.

** Also have paid, at times, small dividends in stock.

Adjustment has been made here for Grant's 100 per cent stock dividend, Kresge's 50 per cent stock dividend and Woolworth's 2½ for 1 split-up, all in 1929.

PRICE PER DOLLAR OF DIVIDENDS

,	Dividends per Share 1929- 1934 Average	Market Price 1929- 1934 Average	Price per Dollar of Divi- dends 1929- 1934	Dividends	Market Price Feb. 1 1935	Price per Dollar of 1934 Divi- dends	Rating in Group 1935
First National	2.33	55	23.61	2.50	49	19.60	5
W. T. Grant	.92	36	39.13	1.00	31	31,00	10
Great A. & P.	6.21	192	30.92	7.00	126	18.00	4
S. S. Kresge	1.07	23	21.50	.80	20	25.00	8
S. H. Kress	1.00	48	48.00	1.00	63	63.00	11
Kroger	1.10	35	31.81	1.60	26	16.25	3
Melville Shoe	1.63	29	17.79	1.70	42	24.70	7
J. C. Penney	3.77	49	13.00	4.40	- 68	15.45	2
Safeway Stores	4.00	69	17.25	3.00	41	13.66	1
Walgreen Drug	1.00	31	31.00	1.00	29	29.00	9
Woolworth	2.76	52	18.84	2.40	54	22.50	6

THREE COLUMNS at the left give the historical perspective (as we explain more in detail under the table "Price per Dollar of Net Earnings") and the remaining four columns relate to current values. Rating No. 1 in this table is won by Safeway Stores; and dividends are a heavily weighted factor.



DATINIO	Base	Based on Present Price of Stock								
RATING	dend	Net Earnings Rating	Sales	Value	Combined Final Rating					
Safeway Stores	1	5 .	1	2	1					
First National	5	2	4	6	2*					
J. C. Penney	2	3	8	10	2*					
Kroger	3	7	3	1	4					
Great A. & P.	4	7	2	7	5*					
Walgreen Drug	9	1	5	8	5*					
Melville Shoe	7	4	7	11	7					
S. S. Kresge	8	9	9	3	8					
Woolworth	6	11	11	9	9					
S. H. Kress	11	8	10	4	10					
W. T. Grant	10	10	6	5	11 *A tie.					

COMBINED FINAL RATING is obtained by weighting the four factors. We value Dividends and Net Earnings each at four, and Gross Sales and Book Value each at one. Rating No. 1 is the best, though the differences sometimes are slight. As noticed in earlier articles, final rating is not to be despised, for all these eleven companies are earning and paying dividends. Since our ratings are based on current market values, a low rating here may indicate that the investor is willing to pay a price that is sufficiently out of line to throw the best company to the bottom of the list.



Mr. Penney (left), a Baptist; Mr. Kresge (right), a Methodist; Mr. Kress, a Lutheran; FOUNDERS and so on through the list. These great retail merchants are all what Hitler calls "Aryan".

The Founder Stays

At the top in most of these chains is the founder, or one of his family, or an employee who has worked his way up. Chairman of the board of Woolworth is Charles S. Woolworth (brother of the founder), who began in 5-and-10-cent stores on his own account at Scranton in 1880 at the age of 24. Thirty years later his business was merged with that of his older brother. President of Woolworth is Byron G. Miller, who entered the concern as a stock boy.

As chairman and president of A. & P. are two sons of the founder, George L. and John A. Hartford. One is the financial genius, the other a super-salesman maintaining contact with store managers.

Chairman of the board of Penney is the founder, James Cash Penney, now in his sixtieth year. He opened his first store in 1902. President is Earl C. Sams, who joined the company 28 years ago when there were two stores only. Now there are 1,474.

Chairman of Kresge is the founder, Sebastian S. Kresge, who served first with McCrory in Memphis and opened his initial store in Detroit in 1907. Now there are 720 stores in the Kresge chain.

The first Walgreen drug store was established in Chicago in 1902, by Charles R. Walgreen. Eight years later there were still only two stores. Seven more years found a total of eight stores, in 1916. Now there are close to 500, fully a hundred more than in prosperity's peak year.

So it would appear that individual initiative is far from stifled, and that youth may now aspire to be not merely a local merchant and leading citizen but an industrial giant and multi-millionaire.

Who's Who

First National Stores, Inc. Organized in 1915 as the Ginter Company, present name since 1925. Groceries and other food, largely in New England. Acquires other chains freely by purchase with cash or stock. Stores, 2,653. Sales per store, \$39,880.

Great Atlantic and Pacific Tea Company. Oldest chain system, established in 1859. Groceries and meats. Operates 15,131 stores. Sales per store \$54,168. Sales exceeded a billion dollars in 1930 and each of two following years.

W. T. Grant Co. Originally incorporated in 1906. Retails merchandise, usually at prices of \$1 and under-household furnishings, toys, hardware, and wearing apparel. Operates 465 stores in 38 states, Maine to California. Sales per store \$171,000.

S. S. Kresge Co. Established by Sebastian S. Kresge (who began in the 5-and-10-cent business in 1897) and incorporated in 1912. Operates 731 stores, two-thirds of which sell nothing over 10 cents and the re-

OUR ELEVEN
chain - store systems
show aggregate earnings
exceeding 100 million
dollars for 1934—the
second year of improvement. Only two of the
eleven definitely lag
behind 1933. behind 1933.

Grant ends its fiscal year with January 31, A. & P. with February 28, First National Stores with March 31, and Walgreen with Sep-tember 30. All the others report for calen-dar years.

dar years.

The reader may enjoy making his own comparisons between this table and the one showing dividends, to discover which companies could afford to reward the shareholder more handsomely. He will discover that no dividends are in danger.

EARNINGS NET

	T	otal (000,0	000)				Per Share				
1		Ye	arly				Yearly				
Average 1929-1934	1931	1932	1933	1934		Average 1929-1934	1931	1932	1933	1934	
4.00	4.2	4.6	4.1	4.1	First National	5.08	5.14	5.63	5.06	5.07	
2.9	3.4	3.1	1.6	3.3	W. T. Grant	2.45	2.84	2.60	1.34	2.80	
23.9	28.9	28.0	20.9	18.7	Great A. & P.	11.50	13.85	13.40	10.02	8.94	
9.7	9.3	5.4	8.3	9.8	S. S. Kresge	1.78	1.82	.99	1.51	1.75	
5.0	4.9	3.3	4.9	5.6	S. H. Kress	4.39	4.19	2.80	4.18	4.75	
3.7	2.6	2.7	4.5	4.2	Kroger	2.05	1.46	1.48	2.51	2.31	
1.1	.8	.6	1.2	1.5*	Melville Shoe	3.01	2.09	1.51	3.23	4.00	
9.9	7.7	3.9	13.7	15.8*	J. C. Penney	4.08	3.18	1.60	5.61	6.50	
3.9	5.3	3.4	3.1	3.0*	Safeway Stores	5.33	6.61	4.23	3.89	3.75	
1.9	1.7	1.4	1.6	2.3	Walgreen Drug	2.29	2.05	1.75	2.04	3.05	
30.8	31.4	22.3	28.7	32.1	Woolworth	3.16	3.22	2.29	2.95	3.30	
96.8	100.2	78.7	92.6	100.4	*Estimated by Fitch.	45.12	46.45	38.28	42.34	46.22	

PRICE PER DOLLAR OF BOOK VALUE

	Book Value per Share 1929- 1934 Average	Market Price 1929- 1934 Average	Price per Dollar of Book Value 1929- 1934	Book Value 1934	Market Price Feb. 1 1935	Price per Dollar of 1934 Book Value	Rating in Group 1935
First National	19.08	55	2.88	25.83	49	1.90	6
W. T. Grant	21.56	36	1.67	22.90	31	1.35	5
Great A. & P.	52.01	192	3.69	63.15	126	2.00	1
S. S. Kresge	15.43	23	1.49	16.95 51.23	20	1.18	3
S. H. Kress	45.29	48 35	1.06	*25.92	63 26	1.23	4
Kroger Melville Shoe	27.00 12.55	29	2.31	*12.34	42	3.40	44
	18.30	49	2.68	*20.43	68	3.33	11
J. C. Penney							10
Safeway Stores	37.83	69	1.82	*35.97	41	1.14	2
Walgreen Drug	12.68	31	2.44	*11.76	29	2.47	8
Woolworth	17.11	52	3.03	18.04	54	2.99	9

BOOK VALUE is capital and surplus divided by the number of shares. It is sometimes otherwise stated as "equity per share". It is the net worth of a company after deducting intangibles, such book-keeping assets as good will, patents, and the like. Finally, it is a figure available only once each year, from a corporation's balance sheet. Note the failure of book value to shrink much during depression.

**Pook value for 1934 not yet reported. For these companies we use 1933 Book Value here.

PRICE PER DOLLAR OF GROSS SALES

	Gross Sales per Share 1930- 1934 Average	Market Price 1929- 1934 Average	Price per Dollar of Gross Sales 1930-1934 Average	Gross Sales per Share 1934	Market Price Feb. 1 1935	Price per Dollar of 1934 Gross Sales	Rating in Group 1934
First National	130.07	55	.42	129.80	49	.38	4
W. T. Grant	60.95	36	.59	65.41	31	.47	6
Great A. & P.	836.76	192	.23	712.69	126	.18	2
S. S. Kresge	24.79	23	.93	24.90	20	.80	9
S. H. Kress	58.69	48	.82	64.97	63	.97	10
Kroger	128.40	35	.27	122.96	26	.21	3
Melville Shoe	66.60	29	.44	72.32	42	.58	7
J. C. Penney	76.53	49	.64	87.28	68	.78	8
Safeway Stores	289.70	69	.24	302.64	41	.14	1
Walgreen Drug	63.60	31	.49	72.16	29	.40	5
Woolworth	27.68	52	1.88	27.90	54	1.94	11

IT IS SIGNIFICANT that the three lowest ratings in this table are won by variety stores. Their unit of sale is small—from 5 cents to \$1—and their gross sales per share of stock are likewise the lowest among our eleven companies. Gross sales, however, are accorded a rating of only 1, in our scheme, out of a total of ten points.

PRICE PER DOLLAR OF NET EARNINGS

	Net Earnings per Share 1929- 1934 'Average	Market Price 1929- 1934 Average	Price per Dollar of Net Earnings 1929- 1934	Net [Earnings per Share 1934	Market Price Feb. 1 1935	Price per Dollar of 1934 Net	Rating in Group 1935
First National	5.08	55	10.83	5.07	49	9.66	2
W. T. Grant	2.45	36	14.70	2.80	31	11.07	6
Great A. & P.	11.50	192	16.70	8.94	126	14.09	10
S. S. Kresge	1.77	23	12.99	1.70	20	11.76	8
S. H. Kress	4.39	48	10.93	4.75	63	13.26	8
Kroger	2.10	35	16.67	2.31	26	11.21	7
Melville Shoe	3.01	29	9.63	4.00	42	10.50	4
J. C. Penney	4.08	49	12.01	6.50	68	10.46	3
Safeway Stores	5.33	69	12.95	3.75	41	10.93	5
Walgreen Drug	2.29	31	13.54	3.05	29	9.51	1
Woolworth	3.16	52	16.46	2.80	54	19.29	11

THE FIRST group of three columns shows what an investor would have paid for each dollar of net earnings at an hypothetical average moment during the past six years. It is the historical background. The second three columns show what he pays for a dollar of current net earnings at current market prices. For example, with First National Stores, he buys \$5.07 in current net earnings for \$49. That is, he pays \$9.66 for each dollar of 1934 net earnings. This is the second lowest "price per dollar" among the companies, and First National therefore wins Rating No. 2.

YARDSTICKS

In any investment one should keep in mind dividends, gross sales, net earnings, and book value. Here is the relative standing of eleven chain-store companies in those respects—based on present market value. All are dividend earners.

mainder selling from 25 cents to \$1. Territory, Virginia northward and Nebraska eastward. Sales per store, \$174,000.

S. H. Kress & Co. Established by Samuel H. Kress, who entered the mercantile business in 1887. Operates 5, 10, and 25 cent stores, largely in the South, Southwest, and Pacific Coast states, though there are several in New York City. Stores, 232. Sales per store, \$282,700—largest among these eleven chains.

Kroger Grocery and Baking Company. Incorporated in 1902, acquiring the business of Great Western Tea Co. Operates 4,350 stores, mainly grocery stores with meat departments, in 17 middle western states. In 1928-29 acquired many chains by merger. Maintains its own large packing plants, bakeries, and coffee-roasting plant. Sales per store, \$46,750.

Melville Shoe Corporation. Incorporated in 1914. Operates two chains of retail shoe stores, 571 in all (as of January 1, 1935), but does not manufacture. Eleven of the stores sell John Ward shoes and 560 are Thom McAn stores. Shoes sold, 1934, 7.6 million pair; hosiery, 5.8 million pair. Sales per store, \$46,286.

J. C. Penney Company. Incorporated in 1933, by James Cash Penney, who opened his first store in Wyoming in 1902. Operates 1,474 department stores, in every state. Sales per store \$145,000.

Safeway Stores, Inc. Present company formed in 1926, with 766 stores. Now operates, through subsidiaries, 3,200 stores, selling groceries and (two-thirds of them) meat. Operates bakeries and creameries. Expansion by absorption of other chains. Original field west of the Mississippi, later entering Virginia and Maryland; nearly 200 stores in Canada. Sales per store, \$67,210.

Walgreen Company. Operates 474 drug stores, one-fourth in Chicago. Ten or more stores each in Milwaukee, St. Louis, New York, Minneapolis, Denver. Business begun in Chicago in 1902 by Charles R. Walgreen. Sales per store, \$98,000.

F. W. Woolworth Co. Incorporated in 1911, founded in 1879 at Utica, N. Y. Operates 1,957 5-and-10-cent stores in the United States; since 1932 some sell up to 20 cents. Also controls subsidiaries which operate 530 stories in the United Kingdom and Ireland, and 82 in Germany. Sales per store in the U. S., Canada, and Cuba, \$138,316.

This is the eighth article in a series that began in August, 1934. Next month it is planned to discuss chemical companies.

BILLBOARDS TAKE A LICKING

BY HARLEAN JAMES

Court decisions in Massachusetts and elsewhere have sustained the power of communities to control the use of billboards. The rights of individuals are thus made subordinate to the public interest.





DOOMED Much out door advertising is of a high order. It is the ugly, blatant, and inartistic abuse of this form of sales approach that has brought it into disfavor in the eyes of the public.

In 1926 the Supreme Court of the United States wrote an important chapter in our social history when Mr. Justice Sutherland declared the comprehensive zoning ordinance adopted by the Euclid Village council to be constitutional and a valid exercise of the police power. That recognition of the right of the community to limit and restrict the uses of private property within specified districts in the interest of the public good has accelerated this particular form of social control.

Now on January 10, 1935, we have a decision of the Massachusetts Supreme Court which extends the principle enunciated in the Euclid Village case to restrictions of private property uses in other regards. Clearly the Supreme Court of Illinois, as quoted in the Euclid Village case, made a correct prediction when the Court said:

"The constantly increasing density of our urban populations, the multiplying forms of industry and the growing complexity of our civilization make it necessary for the State, either directly or through some public agency by its sanction, to limit individual activities to a greater extent than formerly. With the growth and development of the State the police power necessarily develops, within reasonable bounds, to meet changing conditions."

The Massachusetts decision concerned fifteen suits in equity. The defendants in fourteen of the suits were the commissioner and associate commissioners who have supervision and control of the department of public works of the Commonwealth of Massachusetts. One suit related to an electric sign on the roof of a building near the State House and the Common, others to billboards and

advertising signs in different parts of the State. One suit was against the selectmen and other officers of the town of Concord.

The decision, written by Chief Justice Rugg, is impartial in tone and unmistakable in import. It is rendered after most exhaustive hearings and inspections. The rules and regulations regarding billboards now in force and assailed in this case were adopted by the department of public works to be in effect in 1924, pursuant to an amendment to the Constitution ratified by the people in 1918. This amendment stated, "Advertising on public ways, in public places and on private property within public view may be regulated and restricted by law."

The decision, therefore, is at once the most comprehensive, the most decisive, and the most specific of any which have been issued by the courts on the subject of billboards. It is in line with the Euclid Village zoning decision handed down by the Supreme Court of the United States.

And furthermore we read in the decision that "the people have declared by approving and ratifying (the amendment to the Constitution) that private interests cannot stand in the way of its declaration of the rights of the public and the power of government"; that "to a far greater extent than heretofore 'good taste' and the preservation of scenic beauty may be accorded weight in determining how such advertising may be 'regulated and restricted by law.'"

Aid Sales Resistance

The court declares:

"The object of outdoor advertising in the nature of things is to proclaim to those who travel on highways and who resort to public reservations that which is on the advertising device, and to constrain such persons to see and comprehend the advertisement. It does not appeal alone to the desire or consent of such persons, whether willing or averse. For such persons who strongly wish to avoid advertising intrusion, there is no escape; they cannot enjoy their natural and ordinary rights to proceed unmolested."

A Utah case is quoted to sustain the principle that billboards and placards are in a class by themselves, that they are constantly before the eyes of the observers on the streets to be seen without the exercise of choice or volition on their part.

In the Massachusetts case the Court maintains that in this respect the plaintiffs (the outdoor advertising companies) are not exercising a nat-ural right; "they are seizing for private benefit an opportunity created for a quite different purpose by the expenditure of public money in the construction of public ways and the acquisition and improvement of public parks and reservations. The right asserted is not to own and use land or property, to live, to work, or to trade. While it may claim some of these fundamental liberties, its main feature is the superadded claim to use private land as a vantage ground from which to obtrude upon all the public traveling upon highways, whether indifferent, reluctant, hostile or interested; an unescapable propaganda concerning private business with the ultimate design of promoting patronage of those advertising. Without this superadded claim, the other rights would have no utility in this connection. It is illusory to suggest that a traveler upon the highway may close his eyes and mind to the advertising matter thus displayed. . . . One cannot well travel upon the highway with any enjoyment or with safety to himself or others with his eyes shut."

In considering the policy under which applications for permits for billboards were invariably denied along such routes of travel as the Mohawk Trail, the Berkshire Trail, the North Shore Boulevard and some sections of the Newburyport Turnpike and of Cape Cod, the ruling states that "beauty in the sense intended and employed in the framing and administration of the rules and regulations has in fact a real and substantial economic value to the Commonwealth and to its citizens."

The court holds that the right to own land and use it according to the owners' conception of profit is subject to legislative regulation in the public interest. The right of the traveler upon the highways to a peaceful and unannoyed journey, so far as concerns advertising on private land, is recognized by the amendment to the State constitution quoted above. The court found the rules and regulations issued by the department of public works reasonable and not unduly restrictive of personal rights.

Business Zones Free

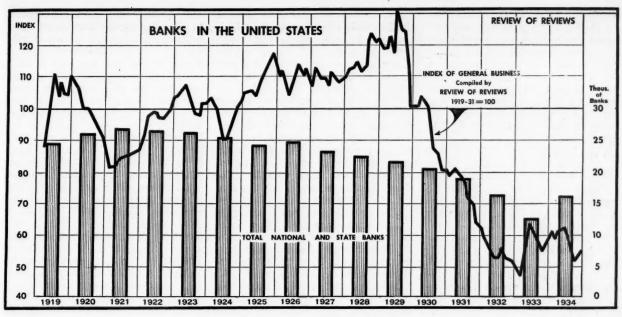
The court maintains that the regulations are not prohibitory. They do not apply to districts of a business character. "Therefore, the places where people most do congregate are open to advertising uses."

The loss of private gain is held no bar to regulations in the public good. A Los Angeles case is quoted to the effect: "There must be progress, and if in its march private interests are in the way they must yield to the good of the community".



By R. I. Nesmith & Associates

ASSET Communities preferring Nature unadorned may by popular referendum decree abolition of bill-boards except in business zones. Roadside beauty has economic value which can be safeguarded.



BANKS
The United States still has 16,300, even though other thousands have closed. Canada has 10 banks, with many branches. Great Britain has about 25, with 9,000 branches—and no failures.

THE PULSE OF BUSINESS

Banking legislation under discussion in Congress gives occasion for this summary of the country's banking history. After which we comment on business trends, including public utilities and investors' rights.

When the Constitution was adopted there were few banks in the United States, and the number remained small until after the First Bank of the United States was closed in 1811. It is difficult to get figures for banks, especially before 1834.

The First Bank of the United States was created by the Act of February 25, 1791. There was much opposition to it. It functioned exceedingly well but its charter expired March 4, 1811, just before the War of 1812 began, and its re-charter was successfully opposed. Political considerations were mainly responsible.

Immediately after the closing of the First Bank of the United States the number of state banks substantially increased. In 1815, when there were only five states besides the original thirteen, the country had 208 banks. Their aggregate capital was \$82,260,-000, or an average of about \$395,000.

In 1814 the banks south of New England suspended Specie Payments. They were relatively weak in capital and had inadequately trained personnel. As the Secretary of the Treasury, Alexander J. Dallas, pointed out,

there had been such an increase in the banking currency that neither its amount nor its value could be calculated. There was therefore no adequate circulating medium.

Private financial transactions came to a standstill and the fiscal operations of the Government were conducted with extreme inconvenience. One hundred of the banks had been selected as depositories of federal funds, in the absence of the First National Bank. In 1814 nearly nine millions of dollars of federal funds were in suspended banks. Floods of currency continued to pour out, in all denominations from six cents upward. There were many bank failures from 1818 to 1820.

Lands and agricultural products fell to one-half the prices obtaining ten years earlier. Speculation in lands had occurred and excessive debts had been created. Land values had fallen to one-third of what had been their level when the indebtedness had been incurred. There were consequent failures, not only of banks but also of commercial enterprises and of individuals, including farmers. The out-

look was gloomy. It will be remembered that this situation followed the strain imposed by the War of 1812.

Bank of U. S.-No. 2

The Second United States Bank was chartered April 10, 1816, and began business January 7 of the following year. Partly because of its steadying influence and partly because of natural recovery from the effects of the war, including completion of the process of liquidation, prosperity began to appear in 1820. It continued until 1835.

This upward movement culminated in a period of rapid expansion, of wild speculation strikingly marked by wild-cat banking (especially in Michigan and a few other states) and some mismanagement on the part of the Second United States Bank, and by a savage fight for the bank's destruction. The situation was aggravated by the unwise action of the Government in withdrawing specie from where it was needed to where it was not demanded.

The panic of 1837 was precipitated

shortly after the charter of the Second United States Bank expired. The causes of this crisis were world-wide. Europe was in trouble and her people began to call their American credits. Cotton manufacturing was curtailed. Cereal crops failed for several years. Farmers had little or nothing to sell. Land values collapsed. Sales of public lands fell from \$25,000,000 in 1837 to \$900,000 in 1843.

It has been stated that 50 per cent of all land in the United States changed hands, and that all land in Alabama changed hands; that ninetenths of the factories of the East closed down; that 50,000 employees in the shoe trade in Massachusetts alone were thrown out of work; that New York was a dead city, with industry idle, real estate greatly depreciated, and the militia called out to suppress a riot; that from one-half to twothirds of the clerks in Philadelphia were dismissed; that some near western states were on the verge of bankruptcy, and that Mississippi and Alabama repudiated their bonded indebtedness.

In 1837, there were about 788 banks. In that year 680 of them suspended. There was a partial resumption of banking activities in 1838, and then came the second collapse in 1839. In that year, there were 840 banks, and 759 of them suspended. Their currency contracted from \$149,000,000 to \$83,000,000. The Government had no safe place in which to deposit its funds and had to create the Independent Treasury System. That panic lasted until 1842.

Shortly after the breaking out of the Civil War, in 1861, we had another suspension of specie payments. There were then 1601 state banks, with an average capital of \$260,000. During the War the National Banking Act was passed, but operations got under way with difficulty. There was a resort to greenbacks.

Civil War Boom

The close of the Civil War was followed by optimism and riotous speculation, just as the close of the Great War witnessed a period of optimism and over-expansion. There was tremendously rapid development, especially of railways. Railroads were built ahead of the population. The cost of construction between 1867 and 1873 was \$1,700,000,000. In those seven years 32,000 miles were constructed, exceeding the total mileage in 1859.

There was equally reckless expansion along other lines, including oil refineries, steel plants, textile and other factories, mining plants, flour mills, and state, city and town undertakings involving excessive expendi-

tures. This country and Europe were flooded with securities bearing high rates of interest. There was much borrowing in the East. Money became scarce. Warnings were unheeded. Doubtless the people felt that they were in a New Era.

Signs of trouble appeared as early as 1870. In 1872 there was a marked deficiency in the reserves of New York banks. From September 8 to 20 nine considerable New York banks suspended. There was the failure of Jay Gould on September 20. The Stock Exchange closed for the first time in its history.

The country had not been on a specie basis since 1861. Now there was a suspension within a suspension. The banks suspended currency payments in part. Clearing House certificates were resorted to, as in 1861. Checks had to be certified as payable through the Clearing House. Banks in the leading cities quickly placed restrictions on the amount of deposits which could be withdrawn. By September 27 there was general suspension throughout the nation. At this time there were about 2,000 national banks, with an average capital of \$300,000, and 550 state banks with an average capital of \$138,000. They were all too weak to stand the strain.

Crash in 1873

People were alarmed. They began to hoard. Five thousand commercial enterprises failed in 1873 and 10,500 in 1878. The total for the period 1873-78 was 47,000 failures, for \$1,-200,000,000. Eighty-nine railroads went into receiverships. Freight on principal lines dropped from 25 to 50 per cent. Five hundred thousand railroad men were thrown out of work. Three hundred out of 700 iron and steel plants were shut down. In a population of 39,000,000, in a day when women did not work in industry, 3,000,000 men were idle.

That banking and industrial crash followed on the heels of a war, just as did the one in 1814. Depression lasted until 1879, when specie payments were resumed. This had been provided for by the Act of 1875, which would not have become operative but for the fact that railroad transportation had extended into the Middle West. A flood of agricultural products poured out into Europe, giving us an excess of exports and a substantial importation of gold.

The next serious panic occurred in 1893. It did not appear without warning. There had been much unsound expansion of business here and abroad for some years. The Baring Brothers failure, in London, occurred in November. In the United States a number of private bankers and bro-

kers failed. There was again a resort to Clearing House certificates. The price of agricultural staples had fallen. Farm indebtedness was heavy. There was reckless financing of railroads and many of them went into receiverships. The free silver agitation and Silver Purchase Act of 1830 had caused much trouble and uneasiness.

That depression was world-wide. Europe had been hard hit. Exports from this country in 1891 declined \$14,000,000 in six months. Our gold went abroad. Europe began to doubt our ability to maintain a gold stand-ard, especially after 1892. Exports in 1892 dropped \$60,000,000 in five months. Europeans called for their American credits. On May 4 the stock market collapsed. From January to July, 1893, 3,400 commercial concerns failed, exceeding the failures for any similar former period. Bank failures and suspensions were numerous, and from July to September became general throughout the nation.

There was little improvement until after 1895. In that year there were about 3,774 state banks operating throughout the nation, with an average capital of \$85,000, and 3,715 national banks with an average capital of \$240,000. These banks were too weak, and operated under too inadequate laws and personnel, to stand the strain.

It is not necessary to mention here the bankers' panic of 1907.

Our Own Depression

Conditions since the Great War are familiar. The close of that war was followed by a brief period of optimism, with a minor collapse in 1920. Then an upward movement took place, culminating in an enormous over-expansion of business activities, speculation of every sort on the part of everybody, including farmers. Between 1914 and 1926, about 45 per cent of the farmers increased their indebtedness—through speculation, in large part, at excessive valuations—from three and one-third billions to fourteen billions of dollars. The crash came in 1929.

State banks reached their peak in 1921, standing at 18,875, with national banks then numbering 8,154. By 1932 the state banks had decreased to 10,455, and national banks to 6,150. In the period 1930-1933, 1,385 national banks suspended, with an aggregate capital of \$1,881,000,000, and 5,319 state banks with an aggregate capital of \$3,573,000,000—a total of 6,704 banks with \$5,454,000,000 capital.

It might be worth while to note that 2,735 national banks suspended in the period from the close of the

Prevent Diphtheria!



"The inoculation was perfectly simple. He didn't mind it a bit. This young man will never have diphtheria!"

HE number of deaths from diphtheria dropped, on an average, about 1,000 each year—approximately from 14,000 to 4,000—throughout the United States from 1923 until 1934. In those cities and towns where inoculation of pre-school children is the rule and not the exception, the danger from diphtheria is steadily decreasing. In fact there are many large communities where no deaths from diphtheria have occurred over a number of years.

Antitoxin, discovered years ago, was a partial victory over diphtheria. It usually relieved the severity of an attack of the disease and helped to save many lives. With the extensive development of toxin-antitoxin or toxoid inoculations, a preventive method for blotting out this disease has been found. All children should be protected against diphtheria when they have reached the age of six months. Inoculation gives the great majority complete and lasting immunity against the disease. Whether a child lives in the city or in the country, a nearby doctor can give him the inoculation.

Not all of the diphtheria tragedies are due to lack of information or to negligence on the part of parents. In some cases mothers are under the impression that their children are in no danger of contracting this disease because of the devoted care given them. They are reluctant to have their healthy children immunized. Parents should realize that the utmost care may not protect their boys and girls from this preventable disease. Successful inoculation in infancy will protect them.

Nearly two-thirds of the fatal results from diphtheria occur between the ages of six months and six years. Those who recover from an attack may even then be left with permanently damaged hearts. Inoculation is a simple matter, soon over with, and leaves no scar. If you have children of your own who have not been inoculated, protect them at once.

Metropolitan will mail, free, its booklet "Diphtheria and Your Child." Address Booklet Department 335-V.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N. Y.

Civil War through 1933. Their aggregate deposits were \$2,244,500,000. 12,375 state banks with total deposits

of about \$7,023,000,000.

Although other nations have been under heavier strains than we have, from uncontrollable causes, we can find in them no disastrous banking experience similar to ours. Perhaps one should except the conquered Central Powers, with their reckless currency ventures, and Russia.

The lessons from this summary of banking history in the United States are easy to draw. We have too many small banks, with inadequate capital and surplus, many of them with inadequately trained and tested banking personnel. Unquestionably we have banks operating under too many jurisdictions-national banks under federal charter, and state banks under the laws of forty-eight states, differing in adequateness and regulatory control and supervision.

Lessons Learned

It seems obvious:

1. That we should have a unified banking system. (That is, commercial banks, preferably operating under federal charter, or as members of the Federal Reserve System, with greatly increased requirements for membership in that system.)

2. That the tests for banking personnel and practices should be in-

creased.

3. That we should permit branch banking within restricted where such facilities are needed, under banks of the requisite strength.

4. That the Federal Reserve System should be perfected and continued free from undue political influence and control. This system has given admirable results, and the banking difficulties have occurred in

spite of it.

If these things were done there would be no need for consideration of any proposed central bank. danger in a central bank would be either that it would become in considerable measure a political agency, or that it would be suspected of playing politics. These things killed the First and Second United States banks. In his lectures on banking in the '90's, Mr. Dunbar of Harvard, the best economist and authority on banking we have had, in tracing the history of banking in America, stated that we would continue to have trouble until we set up a unified commercial banking system. He stated that in principle, perhaps, a central bank would be desirable; but that in practice it would not be tolerated, that it would be unwise to create one, and that the best substitute would be a regional system under central supervision. That is still the best system for us.

It is amazing that this country, with its intelligence and ability, should have tolerated for more than a century a banking set-up such as it has had, and that it should not take speedy action to reform it along the lines pointed out. If it does not do so we are bound to have a recurrence of what we have witnessed whenever we have another period of industrial and financial trouble.

Tolerated Too Long

If we had possessed an adequate banking system when the crash came, we should have had little or no banking trouble. Great Britain was harder hit than we were by the war, and so was Canada. Both were weaker industrially and financially than we. And yet they have had a marked absence of bank suspensions.

The sad thing is that the people who are hardest hit by the result of such lack of system as we have had are the small banks and people of small means. Yet any proposals for the establishment of an adequate unified banking system will meet their main opposition from this direction.

Early action along the lines indicated would contribute more largely than anything else towards stability and the welfare of the American people. If a proper unified system were set up there would be no need for a new venture in the way of a central bank. There would be no need for a guarantee or insurance of deposits. Such measures penalize sound banks for the benefit of weak and unsound banks. The remedy is strong and well-managed banks.

But Watch Out!

Thus we come to the current chapter of this brief history of banking in the United States, with the Administration handing to Congress (on February 4, 1935) the draft of amendments to the Federal Reserve Act. Competent observers see in many of the proposals an intention to centralize power in the Federal Reserve Board-at the expense of the twelve regional banks-and thus to move in the direction of a central bank under political control.

This Administration bill may be altered freely, for the Senate has no scruples against looking a gift horse in the mouth. When introduced it provided, for example, that credit control should be placed with an open-market committee of five members-three of whom are to be elected annually by the Federal Reserve Board, the members of which are themselves appointed by the President. At present the open-market committee is named by the twelve Reserve Banks.

Another proposal repeals collateral requirements for Federal Reserve Notes, virtually printing-press power. Still another permits twenty-year real estate loans if amortized. This is an aid to the Government's homeowning campaign; but it runs counter to all recent experience regarding liquidity in a commercial bank.

This magazine holds firmly by a position it has taken at all times. It thinks that the President was too generous when in the days of the bank moratorium, two years ago, he extended relief to state banks. He might have invited the good ones to reorganize under federal charters as a condition of federal help.

We favor a federalized, unified bank system that would stand four-square against the winds and tides of adversity. We hold to the view that banking is a business that should be carried on by professional bankers. But it is also a public service; and mere money-makers and speculators ought not to be bank officials or bank directors. Like money, banking is a national rather than a local or state function. Bank inspection should be thorough, prompt, and exhaustive. With a good banking system, deposit insurance would be superfluous.

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The Investor: Forgotten Man

The agitation goes on for confiscating the property of electric light and power companies, and for putting such enterprises into the hands of local politicians. There is hardly a grownup village in the country that has not been victimized by the epidemic that we may call the "anti-utilities" craze. In the long run there are few places where a business of this nature could be carried on by the changing personnel of local government without serious disadvantage. Existent companies-under regulation because of their character as natural monopolies

-can serve their communities satisfactorily. Meanwhile, every company of this kind, large or smaller, will have to open its books, face scrutiny no matter how critical, and submit to thorough house-cleaning where nec-

The management of such companies owes entire frankness at once to its own stockholders and to its patrons. We do not share the sentiments of the demagogues who are ignorantly saying that all holding companies must of necessity be taxed out of existence. Such companies,

however, must face the facts. If they have done wrong to anybody, it has been to their shareholders. People who use electric lighting have only the most shadowy grievance against holding companies. Our public utilities are on solid financial and economic ground, and politicians will merely serve to help them get rid of dead-wood. The measles of "public ownership" will soon be nation-wide, and also soon on the wane.

Who has been the forgotten man through these years of adversity? Certainly not the unemployed wage earners. In no country in all history have such people been so munificently cared for. The element of fraud has been considerable, on the part of greedy and unworthy recipients. This has been counter-balanced by highminded and worthy people who suffer rather than ask for public aid. But the relief job on the whole has been well done, and now the President can with good conscience tell states and localities to take care of their own chronic dependents.

The people who have bought homes on the installment plan or who have mortgaged their farms have not been forgotten. Great projects for their financial aid have been duly launched with ample government funds. Savings-bank depositors, and those who have had small sums in commercial banks, have had the solicitous consideration of Congress and of administration agencies.

The greatest investors in the country are the insurance companies and the savings banks. The insurance companies invest stupendous sums as trustees for their policy holders. Almost every person in the country—but especially people of relatively small means—is directly concerned in the support of the financial structure of insurance companies.

Millions of Them!

But there are also millions of people who are small investors through their own direct holdings of bonds and shares of stock in several thousand incorporated enterprises. A majority of such corporations have ceased to pay dividends, or have continued at greatly reduced rates. The railroads are faithfully managed, but are the victims of unfair taxation and unwise regulation. Their plight has been growing worse, to the alarm of hundreds of thousands of honest investors.

Labor leaders are so greedy in their demands that if they could have their own way they would promptly kill all the geese that lay the golden eggs. Railroad receiverships under federal judges take no dictation from labor leaders. It is better for railroad employees to have some thought for

Earnings on \$300,000,000 Investment Taken from Security Holders

INCREASES in taxes, and reductions in rates which afford relatively unimportant savings for an individual customer, are taking away from investors in the Associated System enough to pay the annual interest on more than \$300,000,000 worth of securities

at the rate of 5 per cent.

During the recent depression the loss of earnings by utilities, and the shrinkage in value of utility securities have not been due primarily to the failure of earnings to withstand the effects of depression, but principally to—

- 1. Actual and threatened governmental competition.
- Attacks by public officials and agencies, which have uniformly been followed by sharp declines in the market price of utility securities.
- 3. Reduction in earnings through action of governmental agencies, such as excessive increases in taxes and unreasonable decreases in rates.

The result of all these policies has been to threaten the savings of millions of thrifty, small investors.



Present improvement in the revenues of utilities has partially offset these adverse conditions. But this improvement should not lull investors into inactivity. They must organize to combat in every reasonable way the injustice that is being done to them.

ASSOCIATED GAS & ELECTRIC SYSTEM NEW YORK

Measure your calendar in hours not days! Bermuda's balmy Juneland is only forty hours from ice and snow.



The New Princess

Bermuda's largest hotel has been conducted under the same management for over forty years, where the same delightful and friendly hospitality for comfort and recreation is extended. The charm of the Princess pool together with the sunshine on the sands of this intimately exclusive beach is a daily tonic throughout the winter. Invest now in a few weeks of health and enjoyment.

Booklet, rate schedule, and information will be gladly forwarded upon request to the New Princess Hotel, Bermuda, or any authorized Travel Bureau.

GENERAL BUSINESS INDICES

FINANCIAL	January, 19	935	December,	1934	November,	1934	January, 19	34	January, 19	933
		Index		Index		Index		ndex		Inde
Bond Sales—N. Y. Stock Exch Stock Sales—N. Y. Stock Exchange	\$332,500,000	103	\$274,100,000	0 98	\$250,900,000	90	\$441,000,000	136	\$263,000,000	8
(number of shares)	19,410,000	19	23,588,00	0 24	20,868,000	21	54,567,000	55	18,720,000	
Corp. Div. and Interest payments	Not available		Not available	e	Not available		\$891,926,000	102	\$863,492,000	9
New Corporate Security Issues	\$5,300,000	1	\$34,861,00		\$29,800,000	7	\$5,983,000	1	\$22,160,000	1
Money Rates	.94%		.94%		.94%		1.16%	25	.83%	
Bank Debits—New York City Rates of Circulations of Bank De-	\$14,997,000,000		*,,,				\$14,023,000,000		\$12,413,000,00	
posits in New York City	2.06		2.1				2.33	47	1.83	
Index of FINANCIAL ACTIVITY		29.4		*30.3		27.8		45.5		32.
DISTRIBUTION										
Magazine Adv. (Agate Lines)	1,756,000	68	2,336,000	66	2,489,000	66	1,529,000	59	1,266,000	4
Newspaper Adv. (Lines)	Not available		105,669,000	71	106,999,000	69	82,455,000	59	77,957,000	5
Foreign Trade Merchandise Carloadings (Weekly	Not available		\$303,000,000	55	\$345,800,000	61	\$299,000,000	58	\$218,000,000	5
Average)	337,000	69	329,000	71	369,000	68	341,000	70	306,000	6
serve Index)	72	73	76		73		69	74	59	7
Bank Debits Outside New York City Rate of Circulation of Bank Deposits	\$15,064,000,000	57	\$15,665,000,000	56	\$13,408,000,000		\$13,198,000,000	55	\$12,053,000,000	•
Outside N. Y. C	1.37	71	1.43	74	1.22	71	1.40	73	1.11	3
Index of DISTRIBUTION		67.4		*67.6		66.2		65.2		60.
PRODUCTION										
Steel Ingot Production (Capacity) Pig Iron Production (Average Daily	47.67%	59	35.26%	51	27.76%	38	34.13%	42	17.78%	2
Tons)	47,656	51	*33.149	*36	31,898	37	39,201	42	18,349	2
sumption (Running Bales)	540,000	96	425,000	79	480,000	87	515,000	92	471,000	8
Contracts	\$99,686,000	34	\$92,700,000	27	\$112,000,000	32	\$187,464,000	66	\$83,356,000	2
Aver. Daily)	279,000,000	75	240,000,000		266,000,000		255,000,000	71	225,000,000	6
Production	**279,000	102	**137,000	86	80,112	47	160,000	59	115,915	4
Weekly)	205,000	59	197,000	66	199,000	58	207,000	60	172,000	5
crude Oil Production (Barrels)	77,500,000	104	75,020,000	101	71,400,000	96	68,820,000	93	62,480,000	8
ituminous Coal Production (Tons)	36,492,000	74	29,186,000	67	31,721,000	73	32,590,000	66	27,090,000	5
ortland Cement Production										
(Capacity)	Not available		19.5%	34	26.2%	35	16.6%	37	13%	3
oot and Shoe Production (Pairs)	Not available		Not available		23,556,000	87	25,200,000	89	23,400,000	8
Index of PRODUCTION		65.2		*56.3		55.5		65.0		50.
INDEX OF GENERAL BUSINESS	This Month59.3		Last *55 Month 55	5.6	Two Months ago	54.4	One Year ago.	1.6	Two years ago.	50.

the people whose money is invested in thirty billion dollars worth of railroad property.

The new regulations provided for the stock markets may not be perfect. Experience already shows that they should be modified here and there. Fortunately, there will be little trouble about finding workable compromises. The point of greatest need is the protection of the investor. The actual executives of railroads and large industries are for the most part men of high character and of tried capacity for their jobs. But this cannot always be said of members of the boards of directors. Many directors are holding their positions for wholly selfish reasons, and their influence is directly adverse to the welfare of the stock holders.

Every company should provide arrangements for keeping genuine share-holders fully informed. Groups of share-holders should be encouraged to seek information, and to do what they can for the success of their company. These groups should be so organized that they could really vote with intelligence for trustees or directors, who would serve on the boards in order to help the company rather than to "milk" it for their own private ends, or to speculate on their inside knowledge.

We are proposing to concern ourselves, henceforth, even more than ever, about the welfare of investors of small or moderate means. They are the back-bone of a majority of the corporate enterprises of this country. It is well to talk about pensions for everybody after the age of fifty-five or sixty. But we have no fancy for the idea that people in general, when they pass the climax of middle life, must be assumed to have neither invested savings nor further earning power. We believe in thrift, in savings, in careful investments.

Business Trends

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Our Review of Reviews index of general business, registering activity during January, takes a decided jump. It rises from 55.6 per cent of normal to 59.3 per cent, the dizziest height reached since last June, and within flirting distance of the 1934 peak of 60.2 per cent.

Except for hesitancy everywhere, pending the Supreme Court decision in gold-clause cases, it is reasonable to expect that the picture would have been ever brighter.

Breaking-down the index into its three main divisions, we note that Financial Activity fell off a full point and that Distribution declined fractionally. All the gains are found in the Production group.

Steel production, for the fourth consecutive month, records an advance. It has marched ahead from an index of 31 per cent of capacity in Septem-

ber (actual operations, adjusted for seasonal variation) to an index of 59 per cent for January. A year earlier the index figure for steel was 42. An upswing in the first half of 1934 was sustained until it reached 74 in May.

Domestic cotton consumption registers an index of 96, highest since last May. A year ago in January the index was 92. In actual bales consumed—i.e., ignoring seasonal index values—the figure of 540,000 bales for January is larger than for any month since August. 1933.

Even construction contracts follow the prevailing upward trend. Our index reaches 34 per cent of normal, up from 27 in December and exceeded only once since March a year ago. Here, however, the comparison with January, 1934, is unfavorable.

Electric power production, daily kilowatt hours, reached a new high in January. When adjusted for the winter seasonal factor, however, the index figure of 75 has been exceeded slightly on several occasions during the past two years. In January of 1934 it registered 71.

Automobile production (trucks as well as passenger cars) reaches an index figure of 102. It is one of two divisions of our index which achieves a rating above par. January is an off-season month for automobile production, yet 279,000 cars were produced—more than any month since June. It is an extraordinary record.

The other above-par rating is won by crude oil production, 104 per cent of normal and the highest index reached since August, 1933. In actual production the figure is 77.5 million barrels, up from 71.4 million in November and approaching the summer seasonal peak of 79.6 million reached last July. In January, 1933, the figure was only 62.5; and in January, 1934, it was 68.8.

Bituminous coal production achieves a rating of 74 per cent of normal, highest since June. But the seasonal factor here is so heavy that actual production reaches a new high of 36.5 million tons, not exceeded in several years.

All in all, the production picture was increasingly bright in January.

You Can't Beat Him!

(Continued from page 36)
Raritan River from Perth Amboy and sharing the larger city's reputation as a brick and terra-cotta center.

His record and popularity sent him, at the age of thirty, to the House of Representatives at Washington. There, as a member of the Military Affairs Committee, he vigorously supported the Gold Star Mother bill which provided for the junkets to battlefield cemeteries.

As Motor Vehicle Commissioner, four years later, he enhanced the reputation of an already high-ranking department.

Now, as he turns his thirty-ninth milestone, he sits in the Governor's chair. Were he President in 1937, he would win, by one year, the distinction of being the youngest occupant of the White House, which now belongs to that other soldier, Theodore Roosevelt.

In his political philosophy, Hoffman holds to the middle of the road. He recognizes the need of change to meet new times, but he is not one to advocate gouging out the eye to cure the sty. Two utterances will suffice as examples. Speaking of public utilities in his inaugural address, he said, after recommending legislation designed to remedy evils: "I do not share the rising confidence that all public utilities can be better operated under public ownership than through private enterprise".

Discussing, in another recent address, the resuscitation of the Republican party, he remarked: "Our party should not seek Utopia by new and untrodden paths, or through efforts to reverse the processes of natural law. It will champion the Fair Deal, applicable sanely to all classes and groups, and free from an entangled mass of conflicting plans and principles".

Also—and this has been interpreted as a toss of his hat toward the presidential ring—he declares: "We need to choose our leaders from human, hard-working, straight-shooting young Republicans who have shown capacity for leadership and progressive action".

As a "human, hard-working, straight-shooting young Republican", Governor Hoffman has an opportunity to show his own "capacity for leadership and progressive action". If he can bring some degree of order out of the muddled chaos which is New Jersey's government, he will deserve consideration for higher office on his merits as a public official.

A distinguished record at Trenton might assure the addition of the G.O.P. elephant to his collection. The absence of such a record, however, would not necessarily preclude the gift. It must always be remembered that he can manufacture votes out of nothing. It must never be forgotten that he fought in the trenches.

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TRAVEL AGENTS HAVE ALL INFORMATION

INTOURIST, INC

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Louisiana Limelighter

(Continued from page 28)

The ad valorem assessments of every citizen are confirmed or altered by a tax-reviewing board. The final count in any state election is delegated to a Long-controlled board. A secret police force, its identity known only to its commanders, stands ready to enforce or intimidate at will. Appointive election officials and deputies have complete supervision of all election-holding motions, and there is no longer a penalty for election fraud. Baton Rouge, state capital and opposition center, has been stripped of selfgovernment privileges to become a miniature District of Columbia.

And so it goes, through an endless list of punitive, tax-increasing, or regulatory statutes which have put the large corporations and utilities at Huey's mercy, and which have reduced the little business and professional man, the city and small town opposition, to inarticulate protest. Private enterprise is all but completely cowed. Foreign capital is more than hesitant at entering a state possessed of the most diverse natural endowments in the union.

But if Huey and his legislators have crushed the enemy, and have given to Louisiana a state debt of almost \$150,000,000, the third greatest in the nation, they have exorbitantly accomplished certain material improvements. And despite a tax burden which increases with each legislative session, they have dextrously lifted the direct tax load from the bayou and backwoods voter, and have placed at his disposal costly benefits of which many will endure past that distant day when Longism is but a memory and a bond-maturing nightmare.

Accomplishments

There are the free school books, the constitutionality of which Long carried to the United States Supreme Court and thereby proved himself a brilliant legal advocate. There are the miles of hard-surfaced roads, for which Huey took full credit.

The gigantic plant of the Louisiana State University, against whose expansion Long fought in 1924 only to adopt it as his brain-child when he took over the state, has become known as the "Cajan Country Club" since Huey began building gymnasiums, additional dormitories, swimming pools, and field houses.

The imposing \$5,000,000 state capitol skyscraper and the stately new governor's mansion will be used by generations of office holders after Huey has gone to his reward.

The L. S. U. medical center, assertedly a spite school created after his six-months alma mater, Tulane, refused him an honorary degree, turns out many a young medico who might not have been able to gain entrance to crowded Tulane.

The Charity Hospital in New Orleans, its every job politicalized, has undergone continued expansion.

Shushan airport in New Orleans, greatest in the South, takes its name from Huey's close confidant, marking one of the few times Huey has not had his own name engraved on public works for posterity.

The dream of a trans-Mississippi span at New Orleans will be realized in a few months when the last girders are joined in the Huey P. Long bridge, latest of a sizable line of toll-free structures over the state's many rivers and bayous.

Discount the disproportionate cost of a system under which no reckoning is given the taxpayer, and countenance the deductions of 5 to 20 per cent from the pay of state project employees; the answer is that Huey has been a remarkable builder.

Share-Our-Wealth

And the small farmer or laborer, comparatively untaxed for these benefits, can thank Huey for a \$2,000 homestead exemption and the privilege of voting without payment of the one-dollar poll tax. If his creditors press him too hard, he may secure relief under the two-year debt moratorium which has just gone into effect. Although the state gasoline taxes have steadily risen, he is paying a smaller automobile license fee, and the road on which he drives is easy on the springs.

At no extra charge the small farmer and laborer can and does enroll as a member of Huey's national Share-Our-Wealth society, in readiness for that great day a-dawning when Huey P. Long, having stormed into the White House, will end "Mr. Roosevelt's depression" through the means of automobile-radio-and-five-thousand-dollars for all. Nor is this spirit indigenous to Louisiana alone, as Huey's quixotic test-tour of Arkansas, in successful behalf of Hattie Caraway, attests.

Huey is grooming himself for this national leadership. His monumental ego, hitherto expressed in many paradoxical forms, is now emerging in the guise of a self-proclaimed prophet to the nation. He is striving to put behind him the Huey of an earlier day, the swashbuckling, hard-drinking political barnstormer.

He is definitely reported to have quit drinking. The gambling halls of south Louisiana, long loyal to his cause, are beginning to realize that Huey apparently meant business when he ordered them closed. The state university, whose two thousand students he took on a football junket to Nashville last fall, must join in the universal "amen"—as the seven former journalism-school youngsters who were dismissed for criticizing his censorship of the college press will attest. His petty escapades, ranging from the "Wall Street attack" by an annoyed guest at a Long Island club to the angry resignation of L. S. U. coach, Biff Jones, for Huey's continual interference with the coaching, will hardly be repeated.

Gifted Demagogue

Like a Hitler, or a Mussolini, Huey Long is trying to have the world forget how he got where he is. In his scandal-studded rise, it is significant that he has broken with practically every ally who helped make him. In each case it can be proved that the break came through their refusals to accept continued dictation.

A complete egoist, cynical of all things save his own persuasive ability, and with reason confident of the venality of lesser self-seekers, he has demonstrated already that one man can successfully buck the established order, in defiance of all established procedure. The political philosopher and economist can find in Huey Long no orderly student of political or economic doctrine. Rather he can see only a gifted machine demagogue, differing from his national counterparts only in the extent of his uncanny sense of opportunism, his overwhelming energy, and his hold upon the common man.

In 1857, Lord Macaulay, writing in criticism of Jeffersonian democracy to an American gentleman living in England, commented in amazing part: "It is quite plain that your government (eventually) will never be able to restrain a distressed and discontented majority. . . . On one hand is a statesman preaching patience, respect of rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalists and usurers and asking why anybody should be permitted to drink champagne and to ride in a carriage while thousands of honest folk are in want of necessities. Which of the two is likely to be preferred by a working man who hears his children cry for more bread . . .?"

Huey P. Long, a Bible in his fist and the mixed authorities of Shakespeare, St. Paul, Emerson, Lao-Tze, Marx, and Pope Pius stacked beside the microphone, has also read history.



IN THE DAYS after George Washington finished serving his country, and became once more a Virginia gentleman who made his home and

entertained his guests at Mount Vernon, experiments with agriculture occupied much of his time.

He tried many crops on what he called the Dogue Creek Farm, and found its soil was especially favorable to the growth of rye.

Then his overseer, a Scot by the name of Anderson, came to him with an idea. Since every gentleman in those days needed a stock of good whiskey, why not set up a distillery at Mount Vernon, and make use of the grain which the land produced?

And so, in due time, guests and travelers who chanced that way enjoyed the hospitality of a whiskey wondrously smooth and memorable.

The owner of Mount Vernon was a shrewd

business man and sought a market for his surplus, selling it not only in the neighboring states, but even in England.

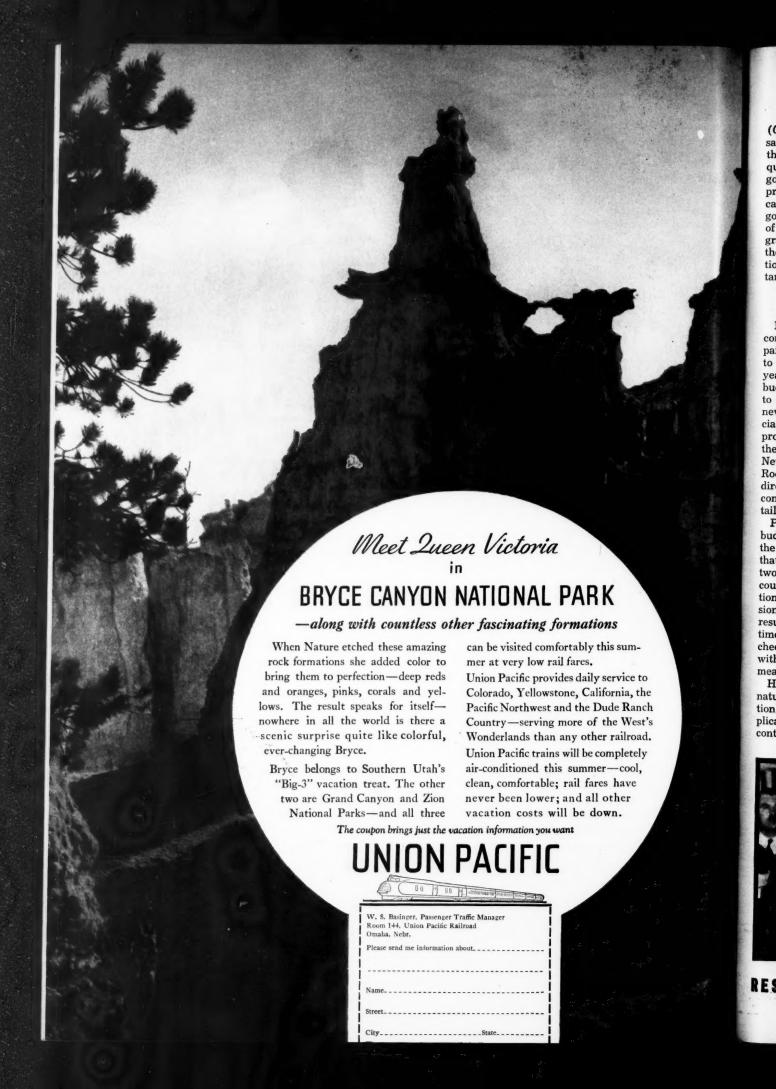
From that day to this, Mount Vernon has been one of the few American whiskies enjoying European fame.

The Mount Vernon distillery, almost a hundred years ago, was moved to Baltimore, but the formula and the fine quality of the rye were scrupulously maintained.

Few whiskies in the world have a more distinguished lineage. Few can provide the suave pleasure and lingering delight which await you in Mount Vernon today.



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Telling the World

(Continued from page 39) sally endorsed. The only protection the public has against unwise requests is in the independence and good judgment of the press. The press must be independent before it can exercise its judgment, whether good or bad. That is why the subject of news control at Washington is of grave public importance. It touches the very source of public information, and no wise people will permit tampering with it.

Advance Information

Mr. Roosevelt's "budget classes" constitute another instance of his painstaking care in getting his story to the country. Last January and the year before, when the New Deal budgets were ready to be submitted to Congress, Mr. Roosevelt called in newspaper correspondents for a special conference. Each man had been provided in advance with a copy of the budget, a document as big as the New York telephone directory. Mr. Roosevelt had on hand his budget director and other officials even more conversant with the voluminous details than himself.

Page by page they went over the budget, explaining the meaning of the figures, answering any questions that the reporters cared to ask. Then two days elapsed before the material could be used. It was for publication simultaneously with the submission of the budget to Congress. The result was that the newspapers had time to prepare thorough, carefully checked dispatches, written by men with some information as to the meaning behind the figures.

Here, again, Mr. Roosevelt was naturally putting his own interpretation upon the figures, upon the implications of the mounting debt, the continuing deficits, and other matters

of gravest importance. But the responsibility of presenting this information to the public rested entirely upon the press, illustrating once more the importance of complete freedom from government control or influence.

Cabinet officers, heads of emergency agencies, and press officers throughout the Government all naturally take their cue from the White House and usually follow its methods. On the whole these government heads talk freely, assume responsibility for what they say, submit to questioning by reporters. There are some exceptions. Farley, Wallace, and Ickes are among the most open handed. Hull is more difficult. Miss Perkins has been a disappointment.

The press officers generally follow the methods of Mr. Early at the White House. He will attempt to answer any question. If he does not know himself he will relay the inquiry direct to the President and return with an answer. He enjoys the complete confidence of the President. Where other press agents similarly enjoy the confidence of their respective chiefs the system works. Where they do not, it does not workthat is, from the point of view of obtaining information promptly.

Mistakes of the Past

As machinery for keeping informed of the run-of-mine developments, the system is nearer perfection than it ever has been. One serious danger is in the attempt frequently made to use this machinery for suppression and for channeling news only through the press office. When Secretary Morgenthau first took over the Treasury Department, he issued an order that no one was to converse with a newspaper reporter. All were to be referred to Mr. Herbert Gaston, his press assistant. This instantly cut off

reporters from going to first-hand sources for information. All Washington reporters over the course of years build up acquaintance with officials handling various work, and are in the habit of going direct to them for information. The gag order of Secretary Morgenthau aroused resentment. Reporters set to work systematically to defy it, and they obtained so much information from various sources in the Treasury that within a few days the rule was rescinded and a friendly live-and-letlive basis established. Secretary Ickes tried the same thing, and within a short time his secret orders were published in the newspapers.

Making It Easy

Perhaps the best understanding has been developed at the Department of Agriculture. There Secretary Wallace and his press assistants encourage reporters to talk freely to any expert in the department. They operate on the theory that occasionally a reporter will print a dispatch which will cause embarrassment, but that in the long run the Government is the gainer because the information is apt to be more complete and more accurate than if relayed second or third hand from an expert to a press agent and then to a reporter.

The best statement of the proper attitude on the part of a government agency toward the public was made recently at the annual convention of the American Political Science Association at Chicago by Alfred D. Stedman, assistant administrator of the Agricultural Adjustment Act.

"To the press," he said, "we at-tempt in many ways, including distribution of mimeographed announcements, to make available accounts of events as they occur. It is up to these informational agencies to do as they please with this information. Sometimes, to our temporary discomfiture, some of these agencies are ahead of us. Newspaper men particularly provide frequent instances of individual initiative in anticipating events, new policies and programs.

"Those who read newspapers and magazines widely will recall many examples of skilful reporting of developments in the AAA. We do not conceive it as part of our function to interfere with enterprise of this sort. but rather to help it along, so far as we can possibly do it consistently, with an even break to the press. Genuine reporter interest, which goes beneath the surface of the day's news grist into the elements of important economic situations, is the greatest kind of an asset. (Please turn over)



Steve Early answers any question put to him by newspaper men. If he can't, he finds out from F.D.R.



FLIERS IN STOCKS?

Like the kibitzer in a card game, who tells you how to play your aces, the kibitzer in stocks and bonds tells you how to invest your money. He has it on "good authority" that you should "take a little flier" in Genessee Can-Can Company or in Udaho Oil & Water. Like that same card kibitzer he never plays himself . . . Before you invest your money you want good sound advice . . . no tips, no "inside dope", just advice based on study and analysis. Such advice is offered by the Review of Reviews' investment counsel, a man trained in the financial field, and an authority on questions related to it. Have you a problem he can solve?

Here are typical inquiries received daily from readers:

"I have 100 shares of Homestake Mining Co. Have had it for ten years and its increase in value and dividends has been the only stock that I own that has not terribly depreciated. It now pays \$3 per month per share. What is the outlook? Should I continue to hold?"

"I have 400 shares of Kennecott Copper that cost me \$33 per share. Shall I hold or sell?

"Also have 200 shares American Tel. & Tel. Co., that cost me \$153 per share. Shall I hold or sell?"

"Give me your opinion of the intermediate and future prospects for the following low priced common stocks: U. S. Distributing Corporation, Studebaker Corporation, Commonwealth & Southern, Alleghany Corporation."

Investigate Before Buying!

If worried over your holdings; if you are considering a switch to stocks with more hopeful prospects of recovery; if you contemplate new purchases; by all means take advantage of this service as have so many of our readers.

INVESTMENT COUNSEL

★Please remember that this magazine is not in the business of selling investment information, but is sincerely interested in serving its readers in the fullest measure. The investment counsellor we retain was for ten years the financial editor of a leading national magazine. He spent five years with a New York investment house and for more than a decade has served private clients in a continuous advisory capacity. His time and knowledge are at the service of our readers. A nominal charge is made.

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"Hence we try whenever possible to give reporters access to original sources of information. Sometimes misinformation of consequence becomes general. But eventually when that happens it usually stirs up so much interest as to enhance the news value of correct information, finally calling widespread attention to the facts when they can be announced."

This attitude is more widely held in Washington than might be expected, though there are too many exceptions. The vital danger is that as time goes on, and the system settles more firmly into bureaucratic routine, the tendency will grow stronger to raise the press offices as an obstruction between the reporter and first-hand sources. That danger calls for alert and continuous activity. Aside from this, the system operates to facilitate the handling of routine information and inquiries. It saves the time of officials of the Government and of the reporters as well.

News or Propaganda?

Under the New Deal the federal Government has become so vast that newspaper reporters have difficulty in getting over the ground. Much of a reporter's detail work is now simplified through these government press contact men.

For illustration, say that some reference has been made in the Senate to the deficit. Perhaps the reporter, to make his dispatch more complete, wants to use some comparative figures not mentioned in the Senate. Or perhaps he questions the accuracy of a figure which has been used. can pick up the telephone, call Mr. Herbert Gaston, press officer at the Treasury and a former news editor of the New York World, and obtain the information in two minutes. Mr. Gaston has such facts at his elbow. That is one reason he is there. He saves the reporter from telephoning several different officials, interrupting them, taking up their time and losing his own, while trying to locate someone who has the information at hand.

It is the same in every government office. An information man not only saves the reporter's time and gives him quick access to matters that are already of public record, but he saves the time of innumerable officials who otherwise would be constantly interrupted. Five hundred newspaper men can ask a lot of questions.

Meanwhile every government office pours out a flood of mimeographed press material. It consists of advance copies of addresses by public officials, the text of official announcements, and vast quantities of factual material. Some of it is important. Some of it is waste paper. It can be called propaganda, although it all concerns public business and when used is attributed to the source that makes it public. Newspaper correspondents are free to use it or to disregard it. It may be wasteful, but it cannot be regarded as vicious if we have confidence in the newspaper correspondents who pass upon whether they consider it news or not. That becomes a matter of judgment with each reporter.

Freedom of the Press

Newspaper publishers have been apprehensive over the effect of placing newspapers under an NRA code. They do not regard radio as an entirely free agent, because of the power of life and death which the Communications Commission holds over every station. Unquestionably there is latent power under the codes to impose drastic harassment. Conceivably this power could be used to make it impossible for a newspaper to continue were the full force of official displeasure turned upon it.

This is a theoretical danger. No sensible Administration is likely to use such tactics. Newspaper publishers who hold such fears, however, insist that the theoretical possibility is enough to lay a paralyzing hand of fear upon the press of the country. It is contended that if the Government can regulate the economic conditions of the newspaper publishing business—wages, hours, newsboy distribution, and other commercial features of the industry—it is in a position to threaten the independence if not the very existence of newspapers.

Philosophically there may be much in this argument. As a practical matter it is treated lightly by the majority of Washington newspaper men who have seen government regulation in action these many years. Knowing the politician and his dependence upon the good will of the press, most newspaper correspondents regard it as an excessive tribute to the courage of Washington officialdom, now or at any time in the future, to imply that the code power over wages and hours would be used to snuff out some offending newspaper.

If the opinion of one correspondent is worth anything, it is that the only danger to the freedom of the press is that publishers will fail to maintain men of the highest caliber at Washington to keep an eye on the Government and report its doings. It might not be too much to say that so long as there remains in Washington one intelligent correspondent, and one publisher with the courage to fight, the press is safe. We are a long way from that extremity at this time.



How many dollars will be needed?

If the bread winner in your family group were taken, would the dollars available be equal to actual needs?

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At such a time ready cash is essential, to settle the items which arise or to clear off taxes, mortgages or other obligations.

Then begins the problem of income for day-to-day support. How much would be required for the first year? and the next? and after that? What revenue would be ready for this purpose from

present insurance or other sources?

No family can afford to ignore these important comparisons. If your check-up shows more dollars necessary, buy them from a life insurance company on terms best suited to your budget.

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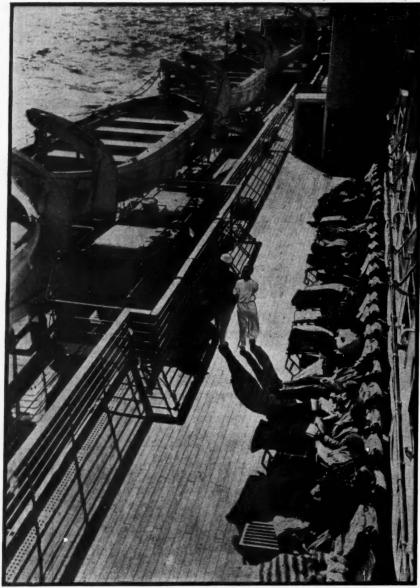
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DECK

The Bremen was designed to let its passengers absorb sunlight as well as to get them across the ocean quickly.

TRAVELER'S GRAB-BAG

NEWS NOTES FROM ABROAD

Being miscellaneous items on Caledonian Market in London, sea-going gardeners on the Normandie, koalas in Australia and barter among thrifty Solomon Islanders.

Going over on the boat a Chicago banker confessed to me that though his wife bought nothing but old Sheffield silver, he himself much preferred to hunt for sixpenny bargains in London's Caledonian Market. A Canadian architect told me that in his student days in London he would much rather putter around "Cally" looking for finds than study Mr. Wren's famous churches. The Market is certainly an institution in itself. I'm even thinking of starting a society called the Caledonian Market Lovers of the World, and I know thousand; of Americans would join. They've been there.

I admit that Caledonian, if you must be practical, isn't much to look at. Mondays and Thursdays it is a cattle market. But on Tuesdays and Fridays it is London's version of the Paris Flea Market. Some fifty paved acres in extent, over a thousand stallholders can show their wares new and old, from bowler hats to books

and bicycle bells.

The north London neighborhood isn't very picturesque or fancy. Just plain poor. Pentonville Prison, where Roger Casement was hanged for high treason in 1916, frowns down nearby, gloomy and austere. Maybe the drab character of the district explains why the market itself is as lively as an English pub or old-time fair. Indeed, Caledonian is the descendant of old Bartholomew Fair, mentioned by Ben Jonson, which used to be held every year at Smithfield. Caledonian Market began when the exhibitors moved away from Smithfield in 1855.

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Expert collectors probably won't run across a first edition of Tom Jones, a set of majolica or a rare pewter mug. Most of the stuff is just plain junk. But one thing you will find, and that is an endless variety of human nature and old things for sale. If you don't have a yen for collecting you can buy yourself a complete wardrobe (though not a very fancy one) for ten shillings, with an umbrella thrown in.

But it's the second-hand stalls that matter. Personally, I used to look for books. Let the dealers turn up their noses. First editions have been found there, and lots of down-at-heel chaps mull through the piles for books they can dispose of for a sixpence. I have found many standard editions, good texts of from two to four volumes for practically nothing up to three or four shillings. As for miscellaneous wares, see the picture on Page 72 of this issue.

You can look for other things at Caledonian besides books: earthenware, china, old jewelry, pictures, pewter, prints and a million other odds and ends. Many reputable dealers exhibit, but some of the stuff is imitation, particularly jewelry. Do you like old maple picture frames? Don't pay more than a shilling. They often have old tintypes in them, faded portraits of hard-working, respectable Britishers—up for sale in a junk market. You'll probably not find any rare oils or prints at Caledonian but you'll likely pick up an old sketch or two for your library . . . prints of old London, stage-coaching days, churches now torn down . . . London as it was and is.

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At the moment I am in New York, well-fed and comfortable. I see the ocean liners come up the harbor and go out to sea again. I wish I were out of this well-ordered New York world. I wish I were tramping about once again in the rain, looking for bargains at Caledonian Market.

Sea-going Gardeners

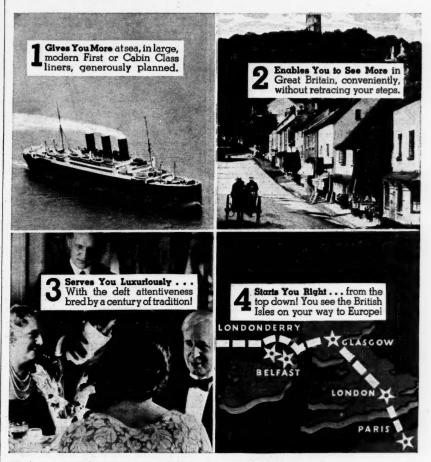
The Normandie will make its maiden voyage for the French Line on the 29th of May. From all reports, she is quite a boat. The figures on the amount of material which went into it stagger a person. For instance; nobody is going to the trouble of doing it, but if somebody were to pick the boat up and lean it against the new RCA building in Rockefeller Center, the Normandie would be 200 feet taller. Forty-three tons of tallow, a ton of soap and 21/2 tons of lard were needed to grease the ways when the ship was launched, some months ago, and thrifty Frenchmen immediately scooped up what was left. The new ship will not only demand a crew of enormous numbers, but it will also require the services of men heretofore considered superfluous on the Two gardeners will tend the shrubs and flowers on the extensive open decks. Who would have guessed it?

Down Under

Spring comes in the autumn, summer in the winter time, the autumn in the spring, and the winter in the summer. That is, our summer, for the weather has reverse English on it, compared with ours, in Australia. Travelers about to girdle the globe have to keep that in mind, and take light and heavy clothes along. Instead of going from the Pacific coast to China and Japan, the Australian folk are urging the globe trotters to see those places after stopping off in the South Sea Islands, New Zealand and Australia.

In many ways the Australian climate and geography are much like our own. There you will find no thatched cottages, old inns, or mouldering castles, as you will in England—but a few of them will go a long way

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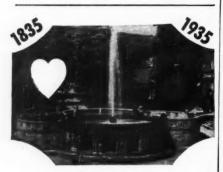
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Barter

The Seven Seas reports that the Solomon Islanders are now buying their brass ornaments from Birmingham. They used to carve them themselves out of palm wood, but now they're too busy making soap. This is believed to be a practically perfect case of a fair exchange, the idea being that the Birmingham people get dirty making brass ornaments to sell to the Solomon Islanders, who pay for the brass ornaments with soap to get the Birmingham people clean.

Upturn

The pleasure industry has taken on a new lease of life. During the past year the National Parks more than doubled their attendance. Canadian tourist trade jumped a quarter. Travel to nearby foreign shores increased notably, 75 more cruises going to such places as the West Indies, Bermuda, the Caribbean and Panama districts. Mexican tourist trade doubled, while domestic travel in New England, Great Lakes, Mountain state and Pacific coast regions increased substantially.

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Surprise

An ancient tunnel twenty-five kilometres long, which is believed to date back to the Tartar invasion, has been discovered near the formerly Hungarian town of Szatmar. Although the Rumanian authorities were aware of the existence of such a tunnel, there were no details known about its length or direction. A man who accidentally discovered the entrance explored the tunnel and emerged, much to his surprise, in Czechoslovakia.

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Sight-Seers

A young woman friend of ours labors quite industriously for one of New York City's charities as a caseworker. Some of her families live in Harlem and their lackadaisical ways trouble her not a little. Recently she called on one of her Negro families and found the baby quite ill. It needed immediate care. The mother being unable to leave her numerous other children, our friend bundled the baby up and made off with it at once for the neighborhood dispensary. At the corner of Seventh Avenue she stopped for the traffic to clear. She noticed a couple standing by her side, obviously out-of-town sight-seers. Our friend was not a little taken aback when she heard the man say to his wife in a low voice, "Isn't that a shame?"

-Jo CHAMBERLIN

Civil War in France?

(Continued from page 47) tions. She had the second largest colonial empire. Of all nations, France appeared the most stable, with a nicely balanced economy of peasant proprietors and smoky northeastern industrialists.

Things Go Kaput

But after 1929 the depression began to penetrate slowly and insidiously. Unemployment increased, the farmers seemed to find their lot inadequate, and the departure of England and America from the gold standard was a serious blow. German reparations came to an end in 1932, after thirteen stormy years, and France as a result began defaulting in her war debt payments to the United States. Serious administrative graft, as evidenced by the Stavisky scandal of last year, and bribery and corruption filled the gaping pockets of the mighty. There were far too many place-holding civil servants.

To the east and south, fascism was in the saddle; and fascist breezes began to blow across the Rhine and Alps to add to domestic discord in the traditional home of liberty, fraternity, equality, and the rights of man. Feeble monarchists, who have long existed in France, joined hands with the new fascists against the republic; and reds, always glad of a pretext, became increasingly vocal from the extreme left. There followed severe fighting in Paris in February, 1934, when Premier Daladier was forced to resign-not by parliament, but by the street mobs. Since that time, for the past year or more, France has been on pins and needles, expecting the worst. So gravely did internal dissension weaken her international position that an entente with Soviet Russia was formed, to bolster her against Hitler Germany. This also accounts for the recent Franco-Italian agreement, under which France cedes territory in Africa. "Faithful" Poland has transferred her allegiance from poilu to nazi. Civil war, not international war, occupies French minds.

What Will Come Next?

There have been three French republics: that of 1792-1799; that of 1848-1851; and that of 1875-1935. In the case of the first, monarchists and Jacobins became so virulently divided that Napoleon usurped a dictatorial authority in order to hold things together. In the case of the second, a Napoleonic nephew intervened for a like purpose, setting up his twenty-

year military dictatorship. We are now in the sixtieth year of the third.

Premier Doumergue was called into semi-constitutional office a year ago by the Paris street fighting. He was succeeded by Premier Flandin. Both have been holding a balance between fascists and Marxists, as did the two Napoleons between extreme right and extreme left. Will the present French administration turn into a Napoleonic dictatorship? Is the third French republic nearing its end? Time will tell. The only mass support that the present regime can count on-and it is a wavering one-comes from the petty-bourgeois left-center Radicals. Aside from that, it has the army and police. Or has it?

A Bad System

Ex-President Gaston Doumergue, age 72, assumed the premiership after the Paris riots a year ago. He attempted to hold the situation together, but last November he was forced to resign because of his demand for constitutional reforms. The weakness of the French political system consists in the fact that the deputies are elected for fixed fouryear terms. Deputies can vote the premier out of office almost at will, but the premier is unable to vindicate himself by calling for general elections, as in England. Hence the French executive is weak, while parliament is very strong, making for instability of leadership and great inefficiency. Doumergue's demand for stronger executive was dubbed "fascist" by the legislators. Pierre-Etienne Flandin took office.

His is a rough and thorny path. Will either faction of extremists gain control after a civil war, will the present government evolve into a Bonapartist dictatorship in order to preserve order between right and left, or will the existing third republic precariously survive as it has for more than sixty years? Many things may happen in the coming months or year. But one thing is certain. Franco-German relations must perforce improve as the treaty provisions of Versailles gradually dissolve into thin air.

Germany has been offered official recognition as regards her "illegal" rearmament, subject to a general pact of arms limitation, which means abolition of certain objectionable clauses of the Versailles settlement. This was a step in the right direction, taken primarily because of French internal dissension. On Germany's legal equality with other nations depends the peace of Europe.



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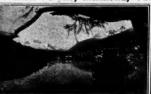
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Repeal Has Its Headaches

(Continued from page 42) courses on the effects of alcohol on the body. Dry Kentucky, historic home of American whiskey, will sell you liquor for only "medicinal, sacramental, scientific or mechanical purposes"—but, shades of Blackstone, you can get it by the bottle, drink or glass in hotels, grocery stores, clubs and restaurants!

Beer has a happier tale to tell. About 40 million gallons were drunk in 1934, which put 200 million into the federal treasury through the \$5 a barrel tax. In 1914 the tax was \$1 a barrel. Since hop crops would indicate a consumption of beer amounting to about 20 million gallons annually during prohibition, it is evident that the more moderate alcoholic beverages have increased notably in popularity during repeal - even though considerably under pre-prohibition times. In 1934 per capita beer consumption was not quite 10 gallons. In 1918 it was 15 gallons and in 1913 it was 21 gallons-the all-time American high.

It would appear, though exceptions can always be pointed out, that an era of more moderate drinking has come about. The country has always been a hard liquor land, as compared with France or Germany which drink wines and beer, but the trend is encouraging.

The \$5 per barrel tax on beer, not to mention state and local fees and licenses and whatnot, makes it impossible to serve a decent glass for under ten cents. But there is little bootlegging in beer today, largely because the margin isn't big enough for a profit. Brewers recommend that the \$5 tax be cut to \$3 for a trial period, in the belief that federal revenues would double or triple through vastly increased consumption, saying that the foaming nickel schooner of beer would then become a reality, not just a promise.

How He Works

In some respects the bootlegger today has changed his spots. He varies his activities, with local economics and laws. The wider the possible margin of profit between legal liquor and the illicit, the more bootleggers there are. The bootlegger in a dry state has to work quite differently from the one in a wet state.

Alcohol, which can be made into rye, scotch, bourbon or gin, is his stock in trade. Or, if he deals in legitimate goods he can undersell the legitimate dealer by five dollars a case. If he blends alcohol with the whiskies put out by reliable firms he can put the

product in counterfeit bottles and sell it through ordinarily legal outlets -thus amplifying profits. Some of it is sold to restaurants and hotels where it is poured, in full sight of the customer, out of constantly refilled bottles of reputable brands. Dealers buying from wholesalers are not always sure what they are getting. In the suburbs the small operator, who sells alcohol by the gallon or 5 gallon tin, still operates, but the gradual shift of moderate drinkers from the bootlegger to the licensed retail store appears to be gaining in many states. It should be accelerated with the gradual improvement in quality and certainly with any reduction in tax.

Reduce the Tax?

Such is the tangled state of affairs after fifteen months of repeal. As a nation we still cling tenaciously to the idea that by putting a new law on the books, social wrongs will be righted forthwith. When they aren't, we get the jitters and throw up our hands. There is no cause for wholesale alarm because repeal has not solved our liquor problems overnight. We are always expecting too much.

Certain things can be done. In the first place, reducing the federal tax on liquor from \$2 to \$1 a gallon for a reasonable trial period would wipe out many a bootlegger's operating margin. The import duty of \$5 a gallon should also be halved for a trial period to reduce smuggling. The domestic product would still have the advantage. The \$5 federal tax on beer is not such a pressing matter, but it too might be reduced to \$4 for a time and see what would happen. If consumption, and revenues, were not increased as the brewers say they would, then the \$5 impost could be reconsidered.

Secretary Morgenthau believes that better enforcement will gradually wear down the illicit operators. It is the opinion of Mr. Joseph Choate, Chairman Edward P. Mulrooney of the New York State Board of Alcoholic Beverage · Control, and other authorities, however, that tax reductions would go a long way toward driving the bootlegger out of business through eliminating his profit. That is the only language he can understand. Reducing the imposts for a trial period would give the legitimate interests a fairer chance to place Repeal on a reputable basis and would put more dollars in official pockets. Since, by official admission, we are collecting less than half what we should, we have nothing to lose and a great deal to gain.



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As guest of the Miami Biltmore, you automatically become a member of the famous Florida Year-Round Clubs which include the Miami Biltmore Country Club, adjoining the hotel; the Roney Plaza Cabaña Sun Club, on the ocean front at Miami Beach, and the Key Largo Anglers Club, a picturesque lodge with private cottages, on the Florida keys, in the teeming center of the world's best sport fishing waters.

Whenever you wish to enjoy these placesures and others beyond the

Whenever you wish to enjoy these pleasures and others beyond the hotel estate itself, you will have luxurious aerocars to take you there and bring you back. Or, if you would skim safely across sunny skies, to the Beach—an autogiro will lift you over in a few minutes. Or you may want the thrill of speeding down Biscayne Bay in a sea-sled.

All these privileges are yours

All these privileges are yours without extra cost, when you are a Miami Biltmore guest . . unique courtesies that are not available anywhere else. The economy in trans-

portation alone will save you almost the amount of an average hotel bill in costs of "getting around" this

in costs of "getting around" this vast playground.

If you're a golfer, you will want to play in golfdom's winter head-quarters, because here at the Miami Biltmore is one of the South's finest courses, with FIVE nationally celebrated stars on the teaching and playing staff: Olin Dutra, National Open Champion . . Paul Runyan, National P. G. A. Champion . . . Louis Costello . . Mike Brady . . . and Ned Everhart. During the winter the Miami Biltmore schedule provides a big golf event almost every week . . . tournaments of national interest, bringing the country's best players . . . hard fought contests that inspire as brilliant play as in the annual Miami Biltmore \$12,500 Open. Greens and fairways are carefully groomed to championship condition . . and the clubhouse is one of the most beautiful in the United States.

For your morning dip . . . gay splashing and luxurious sun-loafing . . . there is the vast outdoor pool, under your bedroom window . . . with tiled terraces, sandy beach and paraphernalia for aquatic sports. Weekly water carnivals are staged here . . . with the world's best swimmers and divers, in exhibitions and exciting competitions. When you want surf bathing, there's the Roney Plaza Cabaña Sun Club at Miami Beach . . . with rapid conveyances to take you there

Tennis fans at the Miami Biltmore have the privileges of four hard surfaced championship courts . . . where spectacular tournaments are played . . . and where Joseph B. Maguire, the resident professional, will advise you on your game.

advise you on your game.
Equestrian activities are also a
major part of "the most amazing
vacation ever conceived". Our stables
have a wide selection of mounts...
spirited five-gaited steppers of splendid conformation or gentle ponies
for the children. There's a field for

jumpers. Along thirty miles of bridle trails, winding through the tropic countryside, Biltmore guests canter daily. Group rides include moonlight rides, horseback breakfasts and treasure hunts.

When you feel the urge for a tussle with any of the 600-odd fish that swim these warm waters...

When you feel the urge for a tussle with any of the 600-odd fish that swim these warm waters . . . hop into an aerocar or sea-sled and spend a few days at the Key Largo Anglers Club. There are angling tournaments, chowder parties and other merry events, which you, as a Biltmore guest, are privileged to enjoy.

joy.

For your social moods there is always some stimulating amusement at the Miami Biltmore . . . two popular society orchestras . . . tea dances . . . dinners . . . supper club revues with Broadway or Hollywood stars . . musicales . . . and art exhibitions . . . bridge tournaments of national importance, as well as daily play, afternoons and evenings—with Mrs. Mildred Archer, Biltmore bridge director, to advise you . . and scores of other happy diversions that will make this the gayest adventure you've had in years.

This year, more than ever, the Miami Biltmore emphasizes excellence and variety in cuisine. An

This year, more than ever, the Miami Biltmore emphasizes excellence and variety in cuisine. An innovation is the Cafe of Nations...dining places typical of France, Italy, Spain, Germany and Switzerland, arranged on outdoor terraces where tasty dishes of each country are served. The usual epicurean delights await you in the main dining room of course

room, of course.

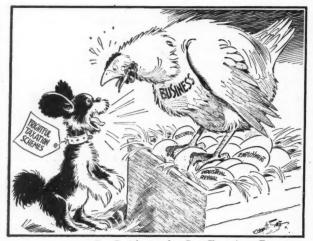
Consider this Miami Biltmore vacation plan. Investigate it fully,
Ask friends who have taken advantage of it... and we feel sure you
will want to frolic in "The Center,
of the Wintertime World".

Write or wire for Literature, Information — Reservations

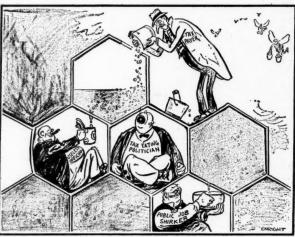


UNCLE SAM WISECRACKS-!

Nobody likes to pay taxes, and property-owners always enjoy blaming the politicians for their lavish extravagance and hideous depravity. The wily politicos, however, can take it. They have the last word.



By Smith, in the San Francisco Examiner
There is fight in the old hen yet, as
that capitalistic bird defends her
golden eggs against doggone taxation.

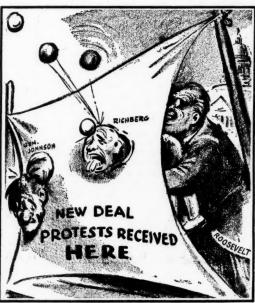


By Enright, in the New York American Here is an interesting study in beekeeping, with the hard-pressed taxpayer feeding the so idle drones.



By Morley, in the New York American

Repeal of prohibition was supposed to repeal the bootleggist, too, but high liquor taxes have made the rake's progress an easy one. Prosit!



By Burck, in the Daily Worker, New York

GOATS

Was the President, under cover, using Johnson and now Richberg as his hapless scapegoats?

HOOTCH



By Elderman, in the Washington Post This cartoonist evidently dislikes the NUTS Townsend plan, but several million of his fellow citizens like it very much indeed.



By Brown, in the New York Herald Tribune

SDOLLARSS

Another attack on the Townsend plan, which is anathema to economists and politicos.



By Brown, in the New York Herald Tribune Rugged American individualism is out of date, and the modern pension system is finishing off the old guard.

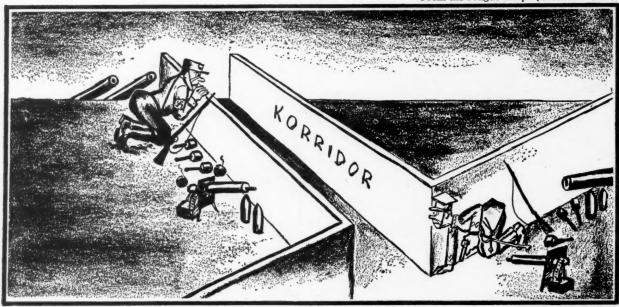


By Carlisle, in the Des Moines Register Are the President and his congressional Old Man Friday really maneaters, or are they just tax-eaters?

SCARED

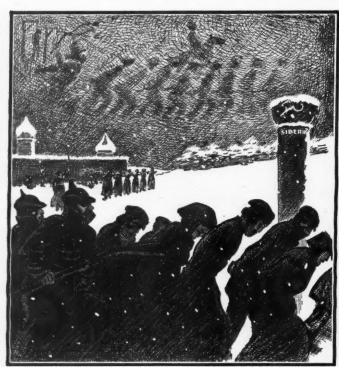
EUROPA POKES FUN

From the Prague Simpl (Czechoslovakia)



CORRIDOR

German at the left and Pole at the right watch for one another suspiciously in the complicated recesses of Poland's corridor to the Baltic Sea, which cuts off East Prussia from the main body of the Reich. A ten-year peace pact postpones any open discussion of this area.



From De Groene Amsterdammer (Holland)

SATURE NO.

From Kladderadatsch (Berlin)

EXILE

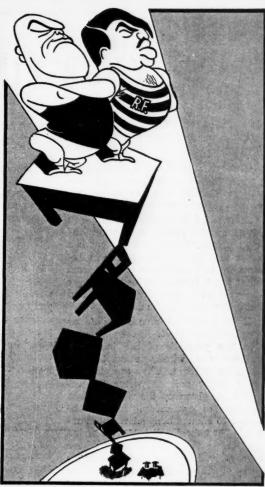
Soviet Russia of 1935 is using the same "Siberian" methods as the old Czarist Russia, shown on the horizon, in 1905. Has the world progressed in thirty years? No, it hasn't!!

COURTING

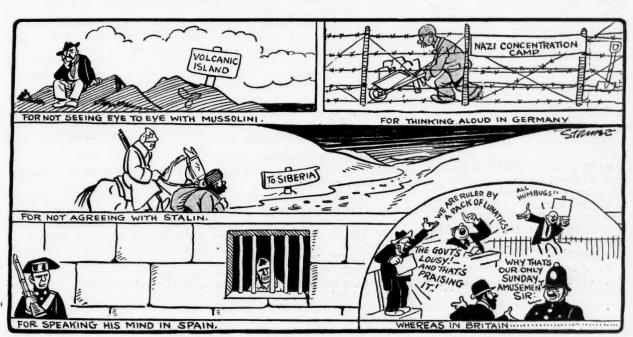
German Michel tries to persuade the French maid to disarm a little as a first step toward international spooning.



From Kladderadatsch (Berlin) This is the cute Japanese attitude to your grim-faced old Uncle Samuel in the watery wastes of the militaristic Pacific. What next?



From the Prague Simpl (Czechoslovakia) The Italian dictator and the BALANCE French foreign minister-Mussolini and Laval—agree.



From the Daily Express (London)

CRACKING DOWN

Mussolini sends opponents to island exile. Hitler uses concentration camps. Stalin forwards ex-communists to Siberia. Spain jails liberals. But in Merry England, with her easy-going traditions, loud griping is the national sport!

YOUR LIFE INSURANCE

QUESTIONS AND ANSWERS

QUESTION: How can I arrange my present life insurance program in order to prevent devaluation of my estate through taxation?

Answer: Life insurance has been given special favors under our inheritance tax laws. The present law reads that the proceeds of life insurance up to \$40,000 are exempt from inheritance taxes, provided that they are paid to named beneficiaries and not to the estate of the deceased.

If the premiums have been paid by the beneficiaries, it has been ruled that the proceeds of life insurance policies are wholly exempt from inheritance taxes. They are also exempt under policies where the insured has given up the right to legal instance of ownership, such as the power to change beneficiaries, to surrender or cancel policies, or to assign or pledge them for loans. Where ownership is given up, the assignment of the policy with consideration amounts to a gift under the present law, and it is therefore subject to gift taxes.

An exemption of \$5,000 is allowed under the present gift tax law, to any one person during any one year, as well as cumulative exemption of \$50,000 which can be applied at any time to take the excess over \$5,000. To conserve one's estate, an owner of life insurance should name independent beneficiaries. If desired he should create a life insurance trust agreement, arranging for payments of the proceeds in monthly installments to suit the needs of the beneficiaries.

Q: If an individual has a contract with an insurance company, with the disability clause attached, and this individual becomes disabled (totally and permanently), thereby receiving a monthly income, would there be a government tax on the income from this clause?

A: According to the Revenue Act of 1934, Section 22(b) the amounts received through accident and health insurance or under workman's compensation acts, where there is compensation for personal injuries or sickness, plus the amount of any damages received whether by suit or agreement on account of such injuries and sickness, are excluded from the gross income.

Q: Will a life insurance company accept a mortgage in payment of an annuity?

A: It is seldom that the policywriting department of a large company cooperates with the investment division. We doubt if such a company would accept a mortgage, or any other investment, as payment for an annuity. In exceptional cases it is possible.

Q: Why do insurance companies show different rates at different ages for annuities?

A: An annuity contract is based upon a combination of life expectancies and investment earnings. The rates vary in accordance with that principle. It follows, then, that different premiums are charged at different ages, since their investment must earn the money with which to pay the annuity for a longer or shorter period, as the case may be.

There is an impression that insurance companies discriminate against women in charging higher premiums for them. But statistics show that women as a rule live longer than men, and their guaranteed income must be provided for a longer period. The expectancy of life—or the number of years an individual may live as established by mortality tables—depends upon his current age.

Q: Are payments under a combined life insurance and annuity contract taxable as income?

A. Where companies writing such contracts are able to make a fair allocation of the premiums between the annuity feature and the life insurance feature, the annual dividend payable on life insurance and annuity is not taxable. When payments on the annuity commence, the taxpayer includes as gross income in his return 3 per cent of the aggregate premiums or consideration paid for the contract. Income in excess of

the 3 per cent is exempt. When the aggregate amount excluded under the 1934 or prior laws equals the aggregate premiums or consideration paid, the entire income from the annuity is reported as gross income.

Q: Is an investment in a life insurance annuity better than an investment in bonds, stocks, real estate, or real estate mortgages?

A: An annuity purchased from an insurance company makes the owner share indirectly in the company's investments. It also permits him to join a group of annuitants with whom he shares the risk of outliving his invested money. To duplicate the annuity plan, an investor would be compelled to draw upon his capital each year. Further, if the annuitant lived the average age, he would have used up his principal and have neither principal nor income left. The annuity provides an income made up of both interest and principal, but so arranged that it is impossible to outlive the income. This income is guaranteed for life, without the risk of loss from turns of the market, reinvestment, or any other cause.

Q: Are life insurance premiums deductible from gross income, for federal income tax purposes?

A. Ordinarily those premiums are not deductible. But if the premiums are paid for a life insurance policy for the benefit of charitable and philanthropic institutions, they are deductible from the gross income of an individual, though never from that of a corporation.

Q: How can I determine the reliability of an insurance company?

A: An individual desiring unbiased, reliable information should write to the insurance commissioner in his state. All companies are licensed and file statements with the Commissioner. There are several reliable insurance publications, and also rating agencies, able to give independent authoritative analyses. This department also is qualified to give competent and reliable life insurance counsel to its readers.

Readers are invited to submit insurance questions. Answers will be given by mail or printed here. Address: Insurance Service Division, Review of Reviews, 233 Fourth Ave., New York.

INFLATION AHEAD! What to Do



M. Kiplinger

Author of Inflation Ahead!— What to Do About It. Editor, publisher of famous Kiplinger Washington Letters for 15 years. Shrewd, accurate predictor of trends and reporter of government in its effects on business, whose published forecasts are followed eagerly by his large, important clientele; confidante of Washington officialdom through several administrations.

istrations.

Distinguished for concise presentations of complicated subjects in simple language; unbiased, dispassionate, constructive critic of government policies, who calls spades spades.

HE Has Been RIGHT in the Past... and Well Ahead of Time...with These Important Predictions On:

Government centralized control of banking and credit, predicted two years ago.

Devaluation of the dollar, indicated as probable eight months ahead. Recent rise of poodstuff prices, predicted six months ahead chies of NA, the changes, and decline.

cline.

Decline of interest rates, more than a year ahead.

Reorganization of farm mortgage lending policies.

Levels of unemployment, six months ahead.

ahead.
Failure of gold purchase to raise commodity prices.
Rise of silver prices.
On price fixing of agricultural products, months ahead.
On all AAA policies.
The fate of scores of important bills in Congress, indicated accurately months in advance,—a consistent record for many years.



Frederick Shelton

who assisted Mr. Kiplinger in pre-paring this book. For past 14 years an analyst of governmental and busi-ness trends. Thoroughly grounded in politics, economics. Lawyer. Sea-soned observer. Always sound, cool, well-balanced. Has wide repu-tation among Washington techni-cians for his objective attitude on issues when they are at their most heated stages.

NFLATION is now definitely under way. Not because of the Gold Decision. Not despite it. INFLATION is now definitely under way. Not because of the Gold Decision and But But because of a constantly increasing number of causes, circumstances, conditions, events. In the steady march toward Inflation this decision is merely one of the latest incidents. Among the steady march toward Inflation this decision is merely one of the latest incidents. Among sophisticated observers, doubts as to the inevitable Inflation did not exist even before it was rendered. Even if it had been "unfavorable" to the Government it would not have prevented Inflation. New routes would have been found,

Inhation. New routes would have been found, new channels cut.

To learn how to protect yourself against Infation, and even to turn it to your advantage, read this new book just off the press—"INFLATION AHEADI—WHAT TO DO ABOUT IT." This is not a textbook of economic theories. It is a specific guide for every individual who either earns a salary or draws an income from investments—for business men, lawyers, doctors, teachers, farmers, trustees, investors. It is in the practical form of 25 semi-personal letters covering every angle—written in simple language by W. M. Kiplinger and Frederick Shelton.

This book is entirely hardboiled. It wastes no time arguing whether Inflation is good or bad. It tells what WILL be—not what should be. These 25 letters face reality and tell you what to do now. new channels cut.

to do now.

Publisher's Note:

We are book publishers solely. Neither the authors nor we are connected with promoting or trading in securities or commodities, nor in either furthering or retarding Inflation. We publish this book because it is timely, because its analyses are authoritative, disinterested, able, and important. SIMON AND SCHUSTER, INC.

The information in this book has never before appeared any-

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"Inflation Ahead!" was first published three weeks ago. Four large editions have already been almost exhausted. The 5th edition is being rushed into production as this announcement goes to press.

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How to Protect Yourself Against Inflation

-And Turn It To YOUR Advantage

This book answers the fol-lowing questions, and hun-dreds of others, which you will have to face during the coming weeks and months:

What will Inflation mean to you personally—based on present income, busi-ness, age, savings, taxes, debts, insurance, invest-

ness, age, savings, taxes, debts, insurance, investments? How will it affect your earnings — whether you are the owner of a business, an executive, or an employee? Will you be safer in building a home or in renting one—and should you try to get a long or short term lease? Should you contract now for any purchase on installment payments? Is your income within the range of those which will suffer most, unless you start planning now to "beat Inflation"? Will your money now be any safer in Government Bonds than in savings banks or

building and loan associations?
What new factors should you now consider before deciding what to do about life insurance or annuities?
Which is the best hedge against Inflation—stocks, bonds, commodities, or real estate?
Compared with the experiences of other countries—such as the crises leading to the revaluation of the franc and the German paper-mark catastrophe—what chances have we to control, hedge, limit, or confine our own Inflation?
Where are real estate prices most likely to rise first?
How is the usual process of Inflation after depressions being further accelerated by present Governmental policies, plans, actions?
How should you plan now to turn Inflation to your advantage in 1935, 1936, 1937 and 1938?

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Not a "deposit" but the full price of the complete book. Tear out this coupon NOW. Your money refunded unless you are satisfied with the book.

To keep you up-to-date on future to-date on future developments of Inflation, we will send, without cost, supplementary reports by the same authors. Simply fill in and return the card enclosed in every copy of the book.

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386 Fourth Avenue, New York City.

Please send me immediately copies of "INFLATION AHEAD! — WHAT TO DO ABOUT IT" at \$1 per copy, for which I enclose my remittance. It is understood that if this book does not answer the questions and give me the advice you state it will. I may return it and you will refund my money.

NAME.

ADDRESS....

CITY.

STATE

THE EDITOR'S MAIL

Outraged Reader

To the Editor:

One day last week my wife phoned me to inform me that she had just subscribed to the Review of Reviews. I mad!

I have just finished reading your first issue of Republican propaganda of the year 1935 and can only say that your policy has changed little since the campaign.

At least you are becoming a little modern with the make-up of your publica-tion and open minded enough to give the modern a turn. This may be a healthy sign.

I'll read your magazine for the same reason that I put sugar in my tea and then add lemon.

J. F. COOPER, New Castle, Indiana.

The Editors congratulate Mr. Cooper on having had the foresight to marry such a smart wife, and trust that a few months' reading of the Review will show him the error of his intellectual ways.

Billboards as Beautifiers

To the Editor:

In the March issue there is a roadside picture to illustrate the story Billboards Take a Licking. There is quite a contrast between this picture and the aver-

age actual conditions...

In the city of 20,000 population in which I live the billboards are an asset, for they hide some of the dirty, filthy spots of the town. I have to see my first billboard hiding a natural beauty spot. I am inclined to think that most billboard operators are to be congratulated on hiding a great many unsightly places. W. L. Patrick,

Laurel, Mississippi.

Uncle Sam Et Al.

To the Editor:

The cover of the February issue is the best cartoon I have seen in many a month.

Uncle Sam lending to himself! It's a scream!

The new captions are fine; SUPREME—STORMY—OLD TIMERS—and the five men on page 15 with their names in caps; that is good.
But the best ever is the subtle irony

in Progress of the World as penned by Albert Shaw. Listen to this:

"The brain trust has had its grand chance. If it has contributed anything to the solution of our present problems, we shall all be glad to know about it"

"Public opinion has resumed its customary place as the authority that con-trols American affairs. The President it. He is too adroit and too wise to defy it." himself cannot over-rule it or supersede

"Vague prophets of the new day at

Washington—"
"The small cotton farmer, who is thankful if he has one good mule, is not clamoring for an electric power line.'

Raymond Clapper, for just one phrase, runs neck and neck with Albert Shaw. On page 28 is this: "Between 5,000 and 6,000 persons, by a sort of apostolic succession from the President, have authority to make regulations carrying the

or think the Review is the finest non-fiction magazine on the market. It gives both sides of a question. It analyzes in so clear a manner that anyone can understand a situation.

ELIZABETH NEVITT STEELE, Chicago, Illinois.

Men, Women, Books

To the Editor:

I appreciate the fact that the editors of the new Review of Reviews "pause in their day's occupation to look over the newest books". Their efforts in searching out that which is new and worthwhile in current literature deserve commendation. The reviews are readable and informative.

CLARENCE L. BENJAMIN, Berrien Springs, Michigan.

Liquor Taxes

To the Editor:

The article in the Review of Reviews concerning conditions following repeal is interesting and instructive. We are in full accord with the opinion expressed that a reduction in taxes and particu-larly in duties would be a very impelling influence in reducing the amount of smuggling and bootlegging.
H. I. Peffer

Chairman, Joseph E. Seagram & Sons New York City

Treasure Trove

To the Editor:

The article on treasure-hunting, in your February number, delighted me. I still have a schoolboy enthusiasm for the anti-social buccaneers—the so-called Brethren of the Coast. Captain Kidd, of course, was a piker, but Henry Morgan, Francois L'Ollonois, good old Blackbeard, and much later, Jean Laffite of Baratorio are real forte at the Coast. and much later, Jean Lame of Barataria are real first-raters. Avery, Roberts, and the Dutch school of throat-cutters should not be overlooked either.

The little island of Tortuga on the

Spanish Main was the buccaneering center. It was there that a most extraordinary combination of rugged American privateering on capitalist lines and pre-Marxian communism as to prize-

money and government were developed simultaneously. Stringent laws and regulations governed this piratical island-state, and it was a haven for all the malefactors of the western world. There was honor among thieves, and a careful code of behavior for such an extraordinary international federation.

Tortuga was a gay and romantic Re-

Tortuga was a gay and romantic Republic of the Damned, in which English, French, Dutch, and Portuguese freebooters and free-companions feasted, traded, duelled, and drank in the seventeenth-century fashion. It was an era when the black flag corresponded with to-day's black shirt. They were jolly old gangsters all.

GEORGE T. MCVANE, St. Louis, Mo.

To the Editor:

I wish to congratulate you on the great improvement of the Review of Reviews in recent months. I believe it to be one of the most valuable publications

dealing with the world's doings.

I have been a subscriber to the Review of Reviews since the very first issue.

A. C. HAGEMAN, Flushing, N. Y.

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New Deal Drubbed?

To the Editor:

I congratulate you on the presentation of the Progress of the World in the Feb-ruary issue, which for fairness and real-ism has not been equalled in the last

two years. I have wondered why the New Dealers think that higher wages and higher prices would induce recovery and reemployment when all the experience of the ages would indicate the other way about. All economically distressed nations that went off the gold standard, or otherwise debased their money, did so because it would automatically lower prices and wages, thus enabling them to prices and wages, thus enabling them to compete better with their neighbors in world trade. Likewise, the only act of the New Deal that had any recovery value was the debasement of our money which was really a partial re-distribution of wealth. All the other measures were duds or worse.

In their acceptance of the New Deal, people lost all conception of the law of compensation. They assumed that if any group received returns to any excess, that was all to the good; whereas, in a nation like ours, if a group receives more than its just compensation for its work or production, then a like group must toil for less than its portion. If all of us in this nation formed a "union" and agreed to double each one's compensation, would any be benefited?
Certainly not. The only result would be to devalue our money one half.
WILLIAM PLOTTS,

Anderson, California.

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NOTE: Two weeks and an ordinary budget are ample for a Southern California vacation



June 21 (1700) - California still believed to be an island. Later identified as part of North American continent. Now even from New York just overnight by plane, three days by train, five to seven by motor or stage, two weeks through the Panama Canal.

July 1 (1862)—Congress passed memorable act permitting first transcontinental railroad. Golden spike driven 1869. 1935: lowest passenger rates, fastest



July 8 (55,000 B. C.) - Departure of last Pleistocene glacier. Left air-conditioned climate. Summer temperatures have averaged 69.4° around Los Angeles ever since (well, since 1878 anyway).

July 16 (1769) - Founding of first Spanish Mission in California. Many beautiful old Missions and historic landmarks in area around Pasadena, Glendale, Santa Monica, Long Beach, Pomona, Beverly Hills and Los Angeles.



/////// July 26 (1906)-0.2 inches of rain fell on this summer day in Southern California. Seldom used umbrellas since.



telephone directory issued. Since this date people in 47 states have been calling up (charges reversed) to know if a August 1 (1880) - First Los Angeles California vacation is expensive. Answer: Costs in California are 18% below U. S. average.

August 1-15 (1932)-Olympic Games held at Los Angeles. California acknowledged ideal sportland by world thletes



September 25 (1513) - Balboa discovered Pacific. Swam, fished, sailed, aquaplaned, surfboarded and sun-tanned. Sent home photograph of himself with 400-pound broadbill swordfish, saying, "You should

have seen the one that got away." September (1542) - First white men

stood in awe on Santa Catalina island. Spokesman said, "Worth the trip. Don't miss seeing brilliant colored fish from glass bottomed boats."



NOW!-Same enchantment which awed first California adventurers and romance seekers still here. The same snowcapped mountains, smooth beaches, scenic grandeur, plus plenty to do which the old boys missed.

SEE AMERICA'S EXPOSITION * * SAN DIEGO, MAY 29 TO NOV. II

Free automatic trip planner

Your Southern California trip plans itself through this unique new book which gives you the whole story from the time you leave home till you're back again: What to see and do, 100 pictures, maps, itemized cost schedules, free routing from your home, etc.... facts not available elsewhere.

ALL-YEAR CLUB OF SOUTHERN CALIFORNIA

Come to California for a glorious vacation. Advise anyone not to come seeking employment, lest be be disappointed; but for tourists,

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Los Angeles, Calif.

Send me free book with complete details (including costs) of a Southern California vacation. Also send free routing by | auto, | rail, | plane, | bus, | ateamship. Also send free booklets about counties checked: ☐ Los Angeles, ☐ Santa Barbara, ☐ Inyo, ☐ Orange, ☐ Riverside, ☐ Ventura, ☐ San

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City
State

MEN, WOMEN, AND BOOKS

A Vanderbilt kisses Fifth Avenue goodbye; a millionaire turns producer and learns things about Broadway; a Dutchman de-bunks life on the ocean wave. Books in brief review.

Blackout!

When a "popular" author runs out of material for a new story, he almost always turns to that Old Faithful: A revelation of the tawdry and petty life backstage. What distinguishes Joseph Verner Reed's The Curtain Falls (Harcourt Brace, \$2.75) from the above is that it is not a novel and that it is the story of Mr. Reed's own experiences as a producer. After four years of "automatically" signing cheques, he has decided to throw a baby spotlight on the theater, and if you will overlook a pedestrian prose, you will find it interesting reading.

That the theater is one big, unorganized family, a mass of energetic, hopeful fools, cabling London for a drawing-room actor to play the rôle of a Down East farmhand, or telephoning Hollywood for a bizarre director for a homely play, is an old story. What is eye-brow lifting is the ingenuous and fanatic faith with which even the most hardened theatrical man is still imbued.

A good part of The Curtain Falls is devoted to the quirks and foibles of two of our better known stars, Mary Ellis and Jane Cowl. Ellis was a pent-up fury, a seemingly somnolent creature who fought like a tigress. In Children of Darkness, the first production of the new firm, she came to loggerheads with the director. Reed reminisces: "She no longer confined her interference only to the scenes in which she participated. Now she interrupted any and every part of the play, and from the sidelines her voice would sunder a scene played between Basil Sydney, Kingsford and Powers."

And when the play finally opened in Pittsburgh, the audience reaction "How was my perwas terrible. formance? It felt so stale."

"Why, Mary, you heard the ap-plause! Of course there were things ... maybe after a day—"
"Don't for God's sake, don't!" She

was furious. "Joseph, you tell me, how was the play?" "Rotten," I said. "And—and my—how was my per-formance?" "Terrible." A shriek rent the air. . . . "You fiend! You fiend!" . . . "That's my thanks—let me go, Basil, don't touch me-for all my work, for all my slaving, week in and week out, to help you and this god-damn play."

Jane Cowl worked differently. She overpowered you with immutable logic, with fine rhetoric, with terrible energy; she doted on midnight conferences. She made speeches extempore. She would not be crossed in anything.

The firm of Macgowan & Reed put on some good, some terrible shows. None made any money; all lost. In December, 1933, after severing partnership with Kenneth Macgowan, George Reed decided he still loved the theater. Hereafter he would see it from "out front".



Cornelius Vanderbilt Jr. speaks his mind about wealthy people in a new volume, "Farewell to Fifth Avenue." Publisher, Simon & Schuster, \$2.75,

Southern Hannibal

With the completion of volumes III and IV of his life of Robert E. Lee, Douglas Southall Freeman brings his story of the Southern commander to a close. Freeman's biography of Lee is not only one of the outstanding works of the year, but of the decade; an authoritative and impressive work. Lee is a legend; Freeman puts down the reasons why he has come to be such. He was a really great figure in the world's dirtiest and bloodiest war prior to 1914.

Freeman's account of the Civil War is detailed and exciting. It contains countless incidents explaining the characters of the men, the conditions under which they fought, their reactions as human beings. Twenty years went into the preparation of the Lee biography and the result more than justifies it. A great many books pass over a reviewer's desk during the course of a year, but this is one work which went immediately into his personal library. (Scribners, \$3.75 per volume; \$15 for the four-volume set.)

Vanishing Vanderbilt

When this reviewer sat down with a copy of Farewell to Fifth Avenue, by Cornelius Vanderbilt Jr., he was prepared to scoff and mock. He remained to admire its naivete and sincerity.

Hat in hand, abashed and hesitant, young Vanderbilt went out west to interest Henry Chandler, then Hearst. in his Penny Paper enterprise. Chandler ridiculed the idea, Hearst offered him a thirty-thousand-dollar-a-year job instead. Vanderbilt founded the papers, and the rest is history. (A footnote states that his entire inheritance from his grandparents-\$1,390,000-went to pay his creditors) . . . He interviewed some Big Men of the 1930's-Hoover (who was scared sick by a Mississippi flood); Capone (who said the Fed-

"With the passage of the National Industrial Recovery Act, there will be placed before all branches of the accounting profession greatly increased opportunities and responsibilities."

Editorial Note June 15, 1933 Bulletin of the National Associa-

tion of Cost Accountants

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For instance, the National Industrial Recovery Act, with regulation of production, minimum wages, uniform prices, codes of practicescenters around cost control and uniform accounting within each industry.

The new Federal Securities Act, with its insistence upon publicity of complete facts about every company selling its securities publicly, will compel more frequent and more accurate financial statements-and these in turn call for more and better accounting.

And as business gains momentum, there will be a greater demand for trained bookkeepers and accountants -they will go back to work sooner and in larger proportion than any other group-in fact, accountants tell us the demand will probably soon exceed the supply.

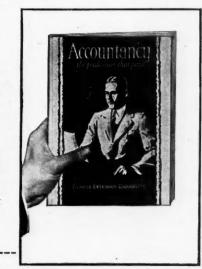
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Present Position

Address

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eral Government should take things over); Hitler (who was willing to grant him a five-minute interview for \$5,000 to cover the costs of fighting communism); Mussolini (who thundered "while I live, Europe will have peace"); and Insull (whom Vanderbilt found hiding in a Greek maternity ward).

There is a little of the guidnunc in

There is a little of the quidnunc in each of us, and Vanderbilt takes his hair down and gossips about the old folks. How Fifth Avenue snubs Park Avenue, and Newport snubs complacent Southampton, and all the rest.

Mr. Vanderbilt is hopeful of a

Mr. Vanderbilt is hopeful of a newer America, where rich sons will find places in the government, as they do in England . . . In the meantime he was content to be sergeant-at-arms at the Chicago convention of 1932. (Simon & Shuster publish the volume at \$2.75.)



Robert Graves has just completed his second volume on Claudius, entitled "Claudius the God." Published by H. Smith & R. Haas, \$3.

Claudius the God

Where I, Claudius left off, Claudius the God continues, although it is a complete story in itself. The crippled scholar, thought an imbecile by everyone including his relatives, has suddenly been acclaimed emperor by the Imperial Guard. The Senate votes a reluctant approval, and Claudius, already in his fiftieth year, sets out to repair the havoc wrought by Caligula, his mad nephew who preceded him as master of Rome.

Among the high spots of Robert Graves' new volume is the utter defeat of King Caractacus of Britain. In the battle, which took place on the London-Colchester road, Claudius, who had gleaned his military lore entirely from books, earns a

Age-

signal victory and a triumph by his strategy

Messalina was the third wife of the emperor. Beautiful and accomplished, she might have helped Claudius and Rome to greater glory. But her lust drives her from adultery to adultery. Only after nine years does Claudius discover the betrayal. Then, broken, he marries his own niece, who runs a close race with Messalina for being the worst woman in Rome. He adopts her son, the notorious Nero of fiddling fame, and cynically watches mother and son lure a corrupt Rome to its ruin.

Claudius the God is somewhat slower and more rambling than I, Claudius, which your reviewer was scarcely able to leave out of his hand before finishing. However when we consider that I, Claudius, though nearly a hundred pages shorter, covers a period of fifty years and that Claudius the God records but fourteen years, the reason is easily seen. If more history was written with the vividness of these two books, it would soon crowd fiction from the library shelves, for Robert Graves has the faculty of making the characters of the Roman Empire more alive for us than some of our acquaintances. In fact, the only point on which the author should be censured is that he neglects appending an index to the volume. (Harrison Smith & Robert Haas, \$3.)—A. A. H.

Pitkin on Capitalism

If life begins at forty, then capitalism carries on. So says the famous Walter Pitkin, in a stimulating new book on economics for 1929, 1935, and after. His latest work is dedicated to "the middle-class, on whose survival and prosperity all civilization depends". In this thesis he is in sound agreement with Roger Babson, who is also bourgeois-minded.

"One hundred million people can't be right. For the last five years they have all been fearing that capitalism has reached its end, and they have been sighing for the good old days. This gave me a clue. I followed it up. Here is what I found". So runs Mr. Pitkin's engaging preface, and for 280 pages he "carries on" capitalism from all angles, sagely and wisely. Like all Pitkinese literature, this book is readable and strictly to the point. "Our chaos of anthropoid freedom" is analyzed, and the able middle-men receive their due in red-hot praise. Pitkin, Oliver Cromwell, and Hitler are united in a triangular defense of white-collar interests; and, after all, our white-collars are more reasonable beings than blackshirts or redeyes. (Capitalism Carries On, Whittlesey House, McGraw-Hill, \$1.75.)

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You know somebody has thought these things out, tested them by experience, found the right answer, the best way. If you only had such information on the hundreds of points that come up oftenest, it would be a gold mine.

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By DONALD A. LAIRD

A new and radically different slant on the A new and radically different stant on the consumer's unconscious desires in marketing—what he buys, why he buys it, how he buys it! Heretofore, merely the surface of the customer's mind has been scratched; this book digs into the deeper layers and lays bare the usually hidden receiving. workings.

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230 pages, 5 ½ x 8, \$2.50. See it 10 days on approval.

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Position....

Dictators

Dictatorships are neither so bright nor so efficient, according to Robert Brooks, who thinks that Hitler, Benito, and the red Politburo do not need Uncle Sam as a fourth for bridge. Longs, Coughlins, and suchlike potential dictators, he says, had better be relegated to the scrapheap of history, where eventually they will meet up with the much-advertised "big three" of shifty Europe. Deliver Us from Dictators! is just what it says, and ably so. (University of Pennsylvania Press, \$2.50.) The red Anabaptists gave way to Cromwell; the Marats to Napoleon; the Kerenskys to Lenin and Trotsky. Shall F. D. R. be supplanted by the Hueys? Heaven forfend.

Thinking With Us

A book of a scant two hundred pages is herewith nominated for a position between the Autobiography of Lincoln Steffens, published in 1931, and the current writings of Secretary of Agriculture Wallace. It is Myself by John R. Commons, of the University of Wisconsin.

Myself covers the full span of three score years and ten, and this particular span includes periodic rackings of a frail body and a succession of family tragedies, which continued through to a stop-press postscript that his sister Anna, who alone survived with him to the writing of this book, had been killed in an automobile accident. Yet these devastating attacks of nervous indigestion and these losses of parents, daughter, son and wife are taken in their stride and leave room for a rich chronicle of things accomplished, persons met and worked with, ideas developed and then dropped, or evolved into a better and more understanding conception of political economy at white heat on the anvil rather than the cold, hard, finished parts of the traditional curriculum. Thanks to the emotional as well as physical courage of the man, the story is told with humor and Hoosier philosophy.

His "Friday Niters," who have formed through successive college generations an intimate and beloved family circle, will read Myself with filial reverence and with a justifiable sense of participation in much of the chronicle. Readers of this magazine will be interested in the reference to Doctor Albert Shaw's philosophical prescription of hard work when Professor Commons suffered the loss of his baby daughter. All readers of Myself will discover or again confirm a conception of economics as something human, and as subject to errors and to progress as our own good selves.-W.H.B. (Macmillan, \$3.)

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THEY WRITE IN THIS ISSUE

LIKE A LOT of men, Chester C. Davis started out as a newspaper reporter and ended up as something else. Today he is Administrator of the AAA. He has been familiar with farm problems since his boyhood days in Iowa, out where the tall corn grows.

Dan D. Casement runs a large farm near Manhattan, Kansas, and a cattle ranch in Colorado. He has taken prizes with his cattle all over the country, and doesn't intend to stop. Of western pioneer ancestry, he graduated from Princeton in 1890 and at 50 was a captain in the A. E. F.

Prince Hubertus zu Loewenstein is a prominent Catholic German author and politician. In exile because of his views, he led the anti-nazi status quo ticket in the Saar election last January. Member of one of Germany's oldest and most aristocratic

families, he opposes Hitlerism from a constructive standpoint. His books on Europe are well known.

George N. Shuster is managing editor of the Catholic Commonweal weekly. He has written political books, traveled widely, and taught English at his alma mater, Notre Dame. Native of Wisconsin, he understands the background of Father Coughlin geographically and philosophically.

Robert H. Armstrong, still under 35 years of age, is secretary of the board of the Institute for Economic Research. He is outstanding in his particular field, land economics.

Donald A. Laird heads the Department of Psychology at Colgate University. He also advises many large corporations, and has long prowled about in peoples' minds, to find out what makes them laugh, what makes them cry, and more important-what makes them buy.

W. W. Cumberland has been called in by various foreign governments, such as Peru and Haiti, as a kind of financial trouble shooter. He also has put in some licks for Uncle Sam from time to time, as in 1933 when he was an economist for the NRA.

To put down some of the things Frederick A. Delano has found time to do during a busy life would require not a paragraph, but a page. He was long associated with the railroads, has been a member of the Federal Reserve Board, and more recently was one of three men approving all Federal public works projects. He has a nephew who has also done pretty well for himself in public life, Franklin Delano Roosevelt.

Blank-Stoller



ZU LOEWENSTEIN





90TH ANNUAL STATEMENT

DECEMBER 31, 1934

NEW YORK LIFE INSURANCE COMPANY

A MUTUAL COMPANY FOUNDED IN 1845 INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

To the Policy-holders and the Public:-

On the occasion of the ninetieth annual report of the New York Life, it is fitting to review briefly its record of accomplishment since it began business on April 12, 1845.

Founded when this country was young and sparsely settled, the New York Life has forged steadily ahead, spreading the benefits of its protection over millions of people and contributing, through the investment of its funds, to the Nation's development. Having always been a mutual company, it has declared over one billion dollars in dividends payable to policy-holders. Since 1845 it has met every obligation through every panic, war and epidemic.

During the past year the Company paid or credited \$157,000,000 to living policy-holders, and \$70,000,000 to the beneficiaries of those who died.

The Company's assets were \$2,109,505,224 at the close of 1934, an increase of \$98,562,112 over the previous year. The gain in assets during the single year 1934 is greater than the total amount which the Company accumulated in assets during the first forty-four years of its history.

During the year 1934 our investments in Government, State and Municipal Bonds increased \$146,918,786. A decrease of \$17,000,000 in policy loans and an increase of over \$60,000,000 in new insurance issued during the year reflect the general improvement of business in 1934.

The following table shows the diversification of the Company's assets at the end of 1934. All bonds eligible for amortization are carried at their amortized value determined in accordance with the law of the State of New York. All other bonds, including bonds in default, and all guaranteed and preferred stocks, are carried at market value as of December 31, 1934.

Cash on Hand or in Bank\$36,449,562.46	1.73
United States Government, direct, or fully guaranteed Bonds208,726,056.38	9.89
State, County, Municipal Bonds. 191,270,360.25	9.07
Public Utility Bonds159,151,938.01	7.54
Industrial and Other Bonds 21,670,306.29	1.03
Railroad Bonds341,910,539.57 1	6.21
Canadian Bonds 44,445,022.61	2.11
Foreign Bonds 2,067,183.26	.10
	3.30
Real Estate (Including Home Office) 97,212,901.52	4.61
	1.80
First Mortgages, Farms 12,527,521.11	.59
Policy Loans	8.79
Interest & Rents Due & Accrued. 31,877,282.34	1.51
Other Assets 36,312,838.44	1.72
TOTAL ASSETS \$2,109,505,224.37 1	00%

Per Cent of each item to

Assots

The liabilities of the Company, which include reserves to meet all contractual obligations, were \$1,994,134,579.

Included in liabilities, the Company has set up a Special Investment Reserve of \$28,000,000 not required by law, and reserves of \$45,734,207 for dividends payable to policy-holders in 1935.

Surplus funds reserved for general contingencies on December 31, 1934, amounted to \$115,370,645.

Total insurance in force, represented by 2,649,953 policies, was \$6,661,514,072. The total new paid for insurance in 1934 was \$440,000,000. In addition, men and women paid \$45,000,000 to the Company for annuities to provide a guaranteed life income.

April 12, 1935, marks the Ninetieth Anniversary of the New York Life. In view of its financial strength and its long record of fidelity in the fulfillment of its obligations, this mutual company continues to merit the confidence and patronage of its policy-holders and the public.

Thomas a . Buckner

A more complete report listing the securities owned by the Company, together with an illustrated booklet describing the Company's ninety years of service to policy-holders, will gladly be sent upon request. Write to the Company's Home Office at 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

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New York Trust Co.

New York Trust Co.
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Employers' Liability Assurance Corp.

HALE HOLDEN Chairman of Southern Pacific Co.

HERBERT HOOVER
Former President of United States
Palo Alto, California
(Elected January 9, 1935)

ALBA B. JOHNSON Philadelphia, Pa. (Died January 8, 1935)

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WILLARD V. KING

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